CITY OF RIVIERA BEACH CITY COUNCIL
AGENDA ITEM SUMMARY

MEETING DATE: December 16, 2009 **AGENDA ITEM SUMMARY NO.** K09-122-2

[ ] AWARDS / PRESENTATIONS / PETITIONS
[ ] CONSENT
[ ] PUBLIC HEARING
  [ ] ORDINANCE ON SECOND READING
  [ ] PUBLIC HEARING
[ ] ORDINANCE ON FIRST READING

[ ] REGULAR
[x] RESOLUTION
[ ] DISCUSSION & DELIBERATION
[ ] BOARD APPOINTMENT
[ ] WORKSHOP

SUBJECT: A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY FLORIDA, ACCEPTING CONTRACT COMPLIANCE, FIXED ASSETS AND PROCUREMENT CARD POLICIES AND PROCEDURES AS PHASE ONE OF THE CITY OF RIVIERA BEACH POLICIES AND PROCEDURES; PROVIDING AN EFFECTIVE DATE.

RECOMMENDATION / MOTION: Acceptance of Phase I of the policies and procedures for the Riviera Beach of Riviera Beach.

DEPARTMENTAL APPROVAL REVIEW & DATE

• Assistant City Manager	Library
• City Attorney PHR 12/10/09	Marina
• City Clerk CA	Police
Community Development	Public Works
• Finance KH/AN 12/10/09	Purchasing
Fire	Recreation & Parks
Human Resources	Water & Sewer
Information Technology	Other

APPROVED BY CITY MANAGER: Ruth E Jones **DATE:** 12-10-09

Originating Dept. Finance	Current FY: 2009-10 Funding Source: N/A [ ] Capital Improvement [ ] Operating [ ] Other:	City Council Actions: [ ] Approved [ ] Approved w/conditions [ ] Denied_____ [ ] Tabled to_____ [ ] Referred to Staff_____
User Dept. All		
Advertised: Not required Date: Paper: [ ] Not Required Affected Parties [ ] Notified [x] Not Required		Attachments: 1. Policies and Procedures – Phase I-List of Policies/Procedures a. Contract Compliance b. Fixed Assets c. Procurement Card

BACKGROUND/SUMMARY: During a recent workshop with the External Auditors the City Council directed staff to bring back Policies and Procedures for the City. This is the first Phase of having those policies and procedures adopted by the City Council. The Management Letter comments recommended that the City formally adopt the policies and procedures. Not to over burden the City Council, staff will be amending and bringing forth the approval of the procedures in a phased in approach. This includes contract compliance, fixed assets, and procurement card policies and procedures.

Item No. 17

EXHIBIT A-1

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2010	20 11	20 12	20 13	2014
Capital Expenditures Operating Costs	$ ----	$	$	$	$
External Revenues	$				
Program Income (City)	$				
In-Kind Match (City)					
NET FISCAL IMPACT	$ ----	$	$	$	$ $
NO. ADDITIONAL FTE POSITIONS (Cumulative)	N/A				

Is Item Included In Current Budget? N/A Yes ___ No ___
Budget Account No.: ___ Fund ___ Dept/Division Org. Object

Reporting Category _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. Finance Department and/or Purchasing/Intergovernmental Relations/Grants Comments:

_____ _____
Finance Department Purchasing and Grants

B. Other Department Review:

_____
Department Director

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA, ACCEPTING THE IMPLEMENTATION OF POLICIES AND PROCEDURES FOR CONTRACT COMPLIANCE, FIXED ASSETS AND PROCUREMENT CARD, AS PHASE I TO BE FOLLOWED BY THE CITY OF RIVIERA BEACH, AND PROVIDING AN EFFECTIVE DATE.

Whereas a policy is a deliberate plan of action to guide decision and achieve rational outcomes and a procedure is a series of steps to be followed or particular actions that are necessary to implement or perform a function in order to comply with policy. Policies and procedures are necessary to provide adequate internal control to safeguard the City's assets and funds; and

Whereas, policies and procedures are used as general guide to aid the City in decision making, including the identification of alternatives such as programs or spending priorities, and making a selection based on the impact that such program will have. The City of Riviera Beach has various policies and procedures that are approved by the City Council, City Manager, and Departmental Directors; and

Whereas the consulting firm, Palm Beach Consultants, in conjunction with staff, developed, reviewed, revised, and updated certain City policies and procedures, in order to conform to today's environment. Staff is requesting City Council to accept the implementation of the first phase of the policies and procedures; and

Whereas, the phased of the policies and procedures will be reviewed and updated by the City Council, periodically.

NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF RIVIERA BEACH, PALM BEACH COUNTY, FLORIDA, THAT:

SECTION 1. The City Council approves and authorizes the implementation of the first phase of policies and procedures as attached, which includes contract compliance, fixed assets and procurement card policy.

SECTION 2 This Resolution shall take effect upon its passage and approval by the City Council.

APPROVED:

THOMAS A. MASTERS
MAYOR

DAWN S. PARDO
CHAIRPERSON

ATTEST:

CARRIE E. WARD
MASTER MUNICIPAL CLERK
CITY CLERK

JUDY L. DAVIS
CHAIR PRO TEM

BILLIE E. BROOKS
COUNCILPERSON

TONYA DAVIS JOHNSON
COUNCILPERSON

SHELBY L. LOWE
COUNCILPERSON

MOTIONED BY: _____

SECONDED BY: _____

B. BROOKS _____

J. DAVIS _____

T. JOHNSON _____

D. PARDO _____

S. LOWE _____

REVIEWED AS TO LEGAL SUFFICIENCY

Pamala H. Ryan

PAMALA HANNA RYAN, CITY ATTORNEY

DATE: 12/10/09

PROCUREMENT CARD POLICY

III. Procurement Credit Cards

The procurement card system simplifies the procurement/disbursement process. Procurement responsibility is delegated to the ordering individual/department enabling an authorized cardholder to place an order directly with the vendor.

When a purchase authorization is requested by the supplier at the point-of-sale, the Visa purchasing card system validates the transaction against preset limits established by the employee's Department and the Purchasing Card Administrator. All transactions are approved or declined electronically based on the preestablished procurement card authorization criteria. The authorization criteria may be adjusted periodically as needed and may include, but is not limited to, the following.

- Number of transactions allowed per month
- Single purchase limit (not to exceed $1,000)
- Monthly spending limits
- Approved merchant category codes
- Number of transactions allowed per day

The authorization process occurs through the electronic system that supports the procurement card processing services under the City of Riviera Beach agreement with the Bank of America.

The City established the procurement credit card program to provide City representatives with a convenient and expedient method of making small dollar value purchases and has developed guidelines to properly account for, document, and provide support for such purchases.

The City's policy and associated procedures on the use of the procurement credit card is as follows.

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Policy/Procedure No. XX-XX-XX-XXX	Section No. XX.XX	Effective Date: XX-XX-XXXX
Subject:	**Procurement Credit Card Policy and Procedures**	**Approved**

I. POLICY STATEMENT

The procurement credit card program was developed by the City to provide City representatives with a convenient and expedient method of making small dollar value purchases. Any City employee, public official, or other authorized person who fails to consistently follow the procedures and guidelines of this policy shall have their privileges under the program terminated.

II. PURPOSE OF THE POLICY

The purpose of this policy and procedures is to accomplish the following:

A. To provide an efficient method of purchasing and paying for goods and services not exceeding $1,000 per purchase. This amount is chosen because it is upper limit threshold for asset tracking established by the State of Florida.

B. To reduce the use of field purchase orders and petty cash.

C. To ensure that procurement card purchases are in accordance with the City's Procurement Policies and Procedures.

D. To reduce the time spent by Purchasing and Accounts Payable clerks processing low dollar transactions.

E. To provide for disciplinary action if the procurement cards are misused.

F. To ensure that the City bears no legal liability for inappropriate use of procurement cards.

G. To authorize Department Directors to institute additional procedures and controls.

H. To establish a set of procedures for use of the procurement card.

The policy and procedures provided herein are minimum standards for departments. Departments may establish additional controls, if necessary.

III. DEFINITIONS

A. CARDHOLDER - an employee or elected official of the City who has been given the privilege of possessing and using a procurement credit card for eligible purchases under the guidelines of this policy and its associated procedures.

IV. AUTHORITY

The City Manager is responsible for establishing policies and procedures that give City employees guidelines and direction in carrying out the duties and responsibilities of their departments. As such, the City Manager has developed this policy statement and associated procedures to help department heads and other designated employees perform certain purchasing activities in a more efficient manner.

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Subject: Procurement Credit Card Policy and Procedures		Approved

V. RESPONSIBILITY

Although ultimately up to the City Manager, the cardholder is given inherent authority to spend budgetary funds when the department head approves the employee for cardholder privileges. When the cardholder signs the "Procurement Card Agreement" the employee accepts responsibility for all purchases charged against the card and any liability from abuse or violation of the terms of the agreement. Only the authorized cardholder, whose name appears on the face of the Procurement Card, should purchase materials and supplies with the Procurement Card assigned to them. The following is a summation of the duties and responsibilities of the individuals and entities involved in the procurement card program.

A. Cardholder Duties and Responsibilities

1. Ensure that the procurement card is used for official City purposes only.
2. Hold and secure procurement card and account number at all times
3. Ensure that purchased items fall within the cardholder's authorized purchasing limits and available budgeted funds.
4. Not receive any cash back for refunds or exchanges; refunds or exchanges must be credited back to Procurement Card.
5. Make sure there is no sales tax and/or no back-orders
6. Sign, collect and save sales receipts.
7. Match receipts with monthly billing statement.
8. Review monthly statements for validity of all transactions.
9. Identify disputed charges; attempt to resolve discrepancies with vendors and formally dispute transactions when necessary.
10. Review monthly charges with supervisor.

11. Ensure that the monthly billing statement is completely reconciled each month and that signed receipts are attached to the Monthly Reconciliation Report and forwarded to the Finance Department before the 25th of each month, for all transactions reflected on the current month's billing statement.

12. Ensure that each purchase listed on the Monthly Reconciliation Report has a clear description and explanation of purpose/use.

13. Report lost, stolen or missing cards immediately to the Purchasing Department; follow-up with written notification via e-mail or interdepartmental memorandum.

14. Return procurement card to the Card Administrator when separating from or ending employment with the City.

15. Comply with all Purchasing Department and procurement card policies and procedures.

B. <u>Department Head Duties and Responsibilities</u>

1. Responsible for overseeing the Procurement Card Program in department.

2. Exercise judgment and restraint in requesting Procurement Cards for staff. Cards should only be issued to employees with a justifiable need to have a Card.

3. Ensure the cardholder follows all requirements of this policy when making purchases with card.

4. Annually evaluate and affirm the continuing need for each of their staff to have a card and associated credit limit.

5. Ensure that each cardholder appropriately completes the Monthly Reconciliation Report with sufficient descriptions of official purpose and forwards to the Finance Department before the 25th of each month.

6. Review all monthly billing statements with cardholder. Ensure that the cardholder signed the Monthly Reconciliation Report and signed receipts for each transaction are attached.

7. Approve and sign cardholder Monthly Reconciliation Statement, accepting responsibility that all purchases are legitimate City purchases and comply with City Policy.

8. Make sure there is no sales tax or no back-orders.

9. Ensure the availability of funds and that proper account codes are used.

C. Public Official Duties and Responsibilities

1. Verify availability of funds with Legislative Aide prior to making purchase.

2. Ensure the procurement card is used only for official City purposes.

3. Sign, collect, save and submit all purchase receipts to Legislative Aide for preparation of Monthly Reconciliation Report.

4. Make sure there is no sales tax or back orders.

5. Review monthly billing statement for validity of all transactions.

6. Immediately report disputed charges to the Legislative Aide for appropriate action.

7. Approve and sign cardholder Monthly Reconciliation Statement, accepting responsibility that all purchases are legitimate City purchases and comply with this policy.

8. Ensure that the Legislative Aide submits the Monthly Reconciliation Report with supporting documentation to the Finance Department by the 25th of each month.

D. <u>Procurement Card Administrator (Purchasing Director)</u>

1. Coordinate program policy issues.

2. Issue a list of commodity codes to department heads.

3. Block commodity codes for Procurement Card Program.

4. Initiate a training program for all cardholders.

5. Coordinate the issuance and cancellation of cards.

6. Maintain a policy and cardholder guides/manuals.

7. Evaluate procurement card feedback from suppliers and from departments.

8. Coordinate and maintain internal controls.

9. Participate in an ongoing program reviews.

10. Establish and monitor bench marking objectives.

11. Conduct semi-annual inventory of procurement cards.

12. Appropriately discipline cardholders who do not file timely, accurate, and complete Monthly Reconciliation Statements.

E. Finance Department/Accounting

1. Monitor charges for proper account codes and fund availability.
2. Receive approved monthly reconciliation statements from all card holders by the 25th of each month.
3. Receive consolidated statements from procurement card issuer.
4. Confirm that all charges are authorized by department heads.
5. Notify department head/Procurement Card Administrator when approved monthly reconciliation statements are not received in a timely manner or are incomplete or inaccurate.
6. Pay all non-disputed monthly charges from consolidated statement.
7. Process accounting data into finance system.
8. File and store statements, receipts, etc.
9. Monitor missing documentation and notify the Procurement Card Administrator of non-compliance and abuse.
10. Notify the Procurement Card Administrator of any violations/discrepancies.

F. Internal Auditor

Conduct periodic operational and compliance audits and reporting.

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IV. ISSUANCE AND CONTROL OF THE PROCUREMENT CARD

Procurement cards will be issued to individual employees who frequently purchase goods and services in single purchase amounts of $1,000 or less. The City Manager will determine which department heads and other employees will receive procurement cards. Procurement cards may also be issued to Elected Officials.

The procurement card will have the employee's name, the City name, City ID #, City tax exempt number and the expiration date embossed in the face of the card. The procurement card issuing company will not have individual cardholder's information other than the cardholder's work address, work and home phone number on the application. No credit records, social security numbers, etc. of the cardholder are maintained.

All requests for new card holders, changes to current cardholders, or changes to authorization must be made by the department head by submitting a request form to the Purchasing Director. The City Manager will make the final decision on all requests.

When the Purchasing Director or designee receives a procurement card from the issuing card company, the cardholder will be required to personally take receipt of the card and sign a certification and receipt form. The cardholder will be given a copy of the **Procurement Card Policies and Procedures Manual** and an oral review of the program.

The Purchasing Director or designee will notify the requesting department and the Finance Department upon the issuance of all procurement cards via e-mail.

When a cardholder signs a certification and receipt form, the cardholder accepts responsibility for all purchases charged against the card and liability for abuse or violation of the terms of this policy. Only the authorized cardholder, whose name appears on the face of the procurement card, should purchase materials and supplies with the procurement card assigned.

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A. **Procurement Card Transaction Flow**

1. Cardholder places an order by phone, fax, mail, Internet or over the counter.

2. Merchant receives authorization for the purchase.

3. Cardholder receives goods or services with invoice/receipt.

4. Bank of America will provide the City one Monthly Billing Statement for all City Procurement Cards and one Monthly Billing Statement for each cardholder. The statement covers the periods from the 15th of the previous month through the 14th of the current month. Payments must be processed and made by Finance Department within 14 days.

5. At the end of each monthly cycle, each cardholder's purchase receipts must be reconciled against his/her individual Monthly Billing Statement. The monthly cardholder's reconciliation process **must be completed and sent to the Finance Department by the 25th of each month.**

B. **Internet Purchases**

1. Purchases on the Internet are allowed only on secured sites. Internet Explorer displays "**https**" on the screen when entering a secure site. **If this prompt does not appear, do not proceed with the transaction.**

2. When at a vendor's website, indicate to the vendor the purchase is with a VISA Procurement Card.

3. If allowed to enter any blank fields with descriptions, then write, "Order Number: "Card #### where ###### is your department's identifying number.

4. Request the invoice be sent to cardholder's individual department by completing the "Billed To" address.

5. Sales tax should not be applied to the purchase; the City is tax exempt. If the vendor requires a tax-exempt number, it can be found embossed on the face of the card.

6. Print the email order confirmation to show paid receipt and attach the signed packing slip when the item is received. If the email order confirmation was not printed and/or lost, use the priced packing slip as a substitute receipt.

7. When the item is received:

   - The employee that purchased the item or designee should approve the purchase by signing the receipt, invoice, email confirmation, or packing slip after the item is received.
   - If the items purchased are not specifically identified, then handwrite the name of the vendor, date of purchase, item description, and price for each item, purchased.
   - For each transaction, staple documentation together, such as receipt, invoice, charge slip, email confirmation, packing slip, and any required approval.

C. <u>Over-the-Counter</u>

1. Cardholder should provide vendor with VISA procurement card information. If the purchase is denied for any reason, contact customer support by calling number listed on back of the card.

2. Sales tax should not be applied to the purchase; the City is tax exempt. If the number embossed on the card's face is not sufficient for the vendor, a tax exempt form can be obtained from the Purchasing Department.

3. Obtain paid receipt, charge slip, and any other supporting documentation when appropriate.

4. The cardholder who purchases the item should approve the purchase by signing the receipt or invoice upon item receipt. If the items purchased are not specifically identified, handwrite the name of the vendor, date of purchase, item description, and price for each item purchased.

5 For each transaction, attach the receipt, invoice, charge slip, and any required approval documentation to the Monthly Reconciliation Report and forward to the Finance Department by the 25th of the month.

VI. LOST OR STOLEN PROCUREMENT CARDS

A. If a procurement card is lost or stolen, the cardholder or departmental representative, as appropriate, must immediately notify the purchasing card company and the Purchasing Card Administrator of the loss.

B. The cardholder will be responsible for reporting to the purchasing card company all information necessary to reduce the liability to the City for a lost or stolen card.

C. The department is responsible for all costs associated with a lost or stolen card.

D Disciplinary action against the cardholder (or departmental representative, as appropriate) will be issued by the City Manager in the event that the Purchasing Director or the procurement card company is not notified in a timely manner.

VII. TERMINATION OR TRANSFER OF CARDHOLDER

A. When an employee ends his or her employment or is transferred to another department, the Department head must collect the procurement card and destroy it. The department must then submit the destroyed card to the Purchasing Director, who will notify the bank to cancel the card.

B. If the department is unable to collect the procurement card when an employee terminates, the department head, or departmental representative, as appropriate, must immediately notify the purchasing card company and the Purchasing Director. The Purchasing Director will ensure that the card is cancelled.

VIII. LIMITATION ON USE OF PROCUREMENT CARDS

A. Cardholder Use Only

The procurement card may be used only by the employee whose name is embossed on the card. No other person is authorized to use the card.

B. City Purchase Only

The procurement card is to be used for City authorized purchases only. The procurement card cannot be used for any personal use and any such use will require immediate reimbursement and will result in disciplinary action which may include dismissal and/or criminal prosecution.

IX. DOLLAR LIMITATIONS

A. The Department head approving the assignment of a procurement card will set two (2) limits for each cardholder: A single purchase limit and a 30 day limit. The maximum limit shall be $999 for a single purchase and $2,500 during the 30-day billing cycle. Requests for spending limit changes must be initiated and authorized by the Department head, and approved by the Purchasing Director.

B. A purchase may be made of multiple items, but the invoice cannot exceed $1,000 or the cardholder's limit if less than $1,000. Payment for purchases shall not be split to stay within the single purchase limit.

C. The cardholder maximum single purchase dollar limit and 30-day billing cycle limit set forth in IX (B) of this policy may be temporarily increased during times of natural disasters and other City emergencies. In such instances the City Manager and the Procurement Card Administrator may increase cardholder limits as necessary and appropriate to address City needs.

X. OTHER CONDITIONS AND LIMITATIONS

A. All items purchased over-the-counter must be immediately available. **No back ordering is allowed.**

B. All items purchased during one telephone transaction must be delivered in a single delivery. If an item is not immediately available, **no back ordering is allowed.**

C. All items purchased by telephone must be delivered by the vendor within the 30 day billing cycle. The order should not be placed without this assurance.

XI. PROHIBITED USES OF PROCUREMENT CARDS

The following types of items may not be paid with a procurement card, no matter the dollar amount.

A. Gasoline, fuel, or oil **(except for approved travel for official business when using city vehicles and rental cars only.)**

B. Cash advances, gift certificates or gift cards.

C. Inventory items and items available through the warehouse.

D. Items on a blanket purchase order.

E Capital outlay and expenditures related to capital projects.

F. Personal items or uses.

G. Utilities and telephone expenses, including long distance calls and cellular phone and beepers charges.

H. Common carrier, lodging, conference, convention, and similar expenses unless approved though a traveler's Travel Authorization request. (Refer to the City's Travel Policy and Procedures.)

I. Any additional goods or services specifically restricted by the Purchasing Department.

XII. RECONCILING THE MONTHLY BILLING STATEMENT

A. The cardholder receives a billing statement each month from the Finance Department. All purchases on the statement are to be completely documented and supported by receipts or other documentation denoting individual transaction amount(s), receipt of the item(s) purchased, description of the item(s) purchased, and justification for the item(s) purchased. Discrepancies and disputed charges are to be resolved. The statement, along with all required support documentation, is to be sent to the Finance Department by the 25th of the month in which the billing statement was received.

B. As part of the reconciliation, the cardholder should prepare a spreadsheet or listing showing the information identified in item "A" above.

C. If a transaction is in error or is being disputed, the cardholder should prepare an explanation of the action(s) being taken to resolve the error or dispute. If this process extends into a subsequent billing cycle, the cardholder should prepare a status report of the error/dispute resolution and include it with the reconciliation report.

D. The cardholder should sign the statement attesting to the appropriateness of the transactions and the accuracy and completeness of the associated reconciliation.

XII. VIOLATIONS

A. Purchases from vendors that create conflicts of interest, i.e., companies owned by the city employee or the employee's relatives, etc.

B. When making purchases it is the responsibility of the ordering department to ensure that all "extra" charges such as freight handling, set up, etc. are considered before a purchasing card transaction is made. A vendor's willingness to honor a procurement card transaction exceeding $1,000 does not authorize departments to make such purchases.

C. Multiple procurement card transactions to circumvent the $1,000 limit.

D. Procurement card transactions referenced in the above section titled "Prohibited Uses of Procurement Cards."

E. Failure to submit proper documentation, receipts, invoices, monthly statements, etc. to the Finance Department for prompt payment.

F. Failure to report a lost or stolen procurement card in accordance with the above section titled "Lost or Stolen Procurement Cards."

G. Continued charging to accounts when funds are not available.

Any abuse or misuse of the procurement card or of this policy and associated procedures shall result in the card and its privileges being suspended or revoked as determined by the City Manager. Additionally, the Purchasing Director will refer violations and discrepancies to the City Manager for disciplinary or other appropriate action as outlined in the section entitled "Disciplinary Action Guidelines," below.

If a violation involves an elected City official, the City Manager shall refer the matter to the City Council for resolution.

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XIII. PROCEDURES FOR DOCUMENTING AND PAYING FOR PROCUREMENT CARD PURCHASES

A. General Information

1. When using the procurement card, the cardholder will make the purchase at the best possible price.

2. Since the procurement card purchase is initiated at the department level, there is no automatic encumbrance of budgeted funds. Therefore, the department must ensure that the account being charged has funds readily available for any procurement card transaction at any given time.

B. Documentation of Over-the Counter Purchases

1. When a purchase is made, the cardholder must obtain the "customer" copy of the charge slip in addition to the detailed invoice/receipt. The charge slip or related cash register slip must show in sufficient detail the type and number of items purchased, along with the unit cost.

2. The charge slip and detailed invoice/receipt must be signed and retained by the cardholder or by the departmental representative until forwarded to the Finance Department with the monthly billing statement and reconciliation.

3. The City is exempt from sales tax. The cardholder must ensure that the vendor is aware of this and that the sales tax is not paid.

C. **Missing Documentation**

If for some reason the cardholder does not have documentation of the transaction to send with the monthly billing statement and reconciliation, the cardholder must try to obtain a copy and if this is not possible, a Missing Receipt Form must be completed. The description will include a description of each item, the number of items purchased, the unit cost, the date of purchase, the vendor name and why there is no supporting documentation. Continued incidents of missing documentation may result in the cancellation of the employee's procurement card.

D. **Payment and Invoice Procedures**

1 The procurement card company sends an individual billing statement for each cardholder and one consolidated statement for all cardholders to the Purchasing Department. The Purchasing Department forwards the statements to the Finance Department for processing. Processing includes paying the procurement card company and working with cardholders to properly document purchases and reconcile their individual statements in a timely manner.

The Finance Department sends a copy of the monthly billing statement to each cardholder. This statement of account lists all transaction processed during the previous 30 days. If no purchases were made on the procurement card during the billing cycle, no statement of account will be generated unless adjustments for previously billed transactions have been processed during that cycle.

2. The cardholder must review the statement and note any errors. All items on the monthly billing statement must be reconciled. Reconciliation includes the process of describing, explaining, and supporting by of receipts or other proof of purchase, for all items listed on the statement. All documents that are part of the reconciliation should be attached to the monthly billing statement.

If a cardholder uses the procurement card for travel related expenditures, the cardholder should attach the original procurement card purchase receipts to the monthly statement documentation. (Copies of such receipts or support documents should be attached to the cardholder's travel authorization documentation.) The account number and amount for each item (or account numbers and total dollar amounts for groups of items) should be included in the reconciliation report.

The monthly billing statement (with the reconciliation report attached) should be signed by the cardholder and reviewed and approved by the department representative designated by the department head. By signing the monthly statement and reconciliation report, the cardholder is certifying that all charges are appropriate, funds are available, and payment is authorized based on the attached receipts. The signature of the department head, or designee, represents the assurance that the monthly statement and reconciliation has been reviewed and appears to be appropriate and complete. Once the department representative has reviewed all statements for which they are responsible, the monthly statements and associated reconciliations are sent to the Finance Department by the 25th of each month.

3. The Finance Department ensures that the consolidated statement received is reconciled against the individual cardholder statements forwarded from the departments. Department heads are notified when individual statements are not received in the allotted time or are incomplete. Continued failure on the part of a cardholder to meet the deadline to submit statements and documentation to the Finance Department may result in the revocation of the procurement card, at the discretion of the Purchasing Director.

XIV. DISPUTES

A. If items purchased with the procurement card are defective, the cardholder must return the items to the vendor for replacement or credit. If the service paid for with a procurement card is faulty, the vendor must be notified and asked to correct the situation or provide a credit. If the vendor refuses to replace or correct the faulty item or service, the purchase will be considered in dispute.

B. It is essential that the time frames and documentation requirements established by the procurement card issuer be followed to protect the cardholder's rights in a dispute. Dispute policies and procedures issued by the Procurement Card Administrator will be provided at the time procurement cards are issued to cardholders.

C. A disputed item must be explained with a note on the cardholder's monthly statement of account before the statement and the reconciliation report are forwarded to the Finance Department.

D. The cardholder contacts the merchant, who provided the goods or services purchased, about the transaction and supplies the necessary information to begin the dispute resolution process. The cardholder completes the Bank of America Visa Dispute Form and sends it, along with a copy of the monthly statement, to the Finance Department explaining the reason(s) for the dispute, if the item has posted. The Finance Department will then place the transaction into a dispute status.

E. If the problem is resolved between the merchant and the cardholder, the cardholder should write and submit to the Finance Department the solution agreed upon on the bottom of the Dispute Form. If an agreement cannot be reached the following steps will be completed:

1. After the item has been entered as a dispute, Bank of America must determine who is responsible by researching the transaction including requesting a copy of the sales draft when necessary. When responsibility for the transaction is determined, the dispute will be settled on-line.

2. When an account is in dispute status, the disputed amount is still included in calculating the available money for authorization (monthly limit). At the time the item is placed in dispute, it is removed from all finance charges, late charges, over limit fees, past due amounts, and calculations. Finance charges which accrue from posting until the item is placed in dispute must be handled according to City policy. Any cardholder statements generated while the account is in dispute will display the following message:

   YOUR ACCOUNT IS IN DISPUTE FOR $XXX.XX. THIS AMOUNT HAS NOT BEEN INCLUDED IN THE FINANCE CHARGE OR PAYMENT CALCULATIONS.

3. If the cardholder is actually responsible for the transaction, the dispute is settled in favor of Bank of America and no further actions are required. If the cardholder is not responsible for the transaction, the dispute is settled for the cardholder and the charge back process may be initiated against the Merchant.

4. If there continues to be a problem with a particular merchant, the cardholder should notify the Purchasing Director of the problem.

XV. REVIEW OF PURCHASES BY DEPARTMENT/DIVISIONS

A. Given the department's knowledge of the department's role, responsibilities, and personnel job requirements, departmental representatives are required to review each procurement card expenditure (item purchased, amount, and vendor) to ensure the goods or services were necessary, and for official use.

B. When purchases are questioned, the department head or designated department/division representative will be responsible for resolving the issue with the cardholder. If the Department head cannot be satisfied that the purchase was necessary and for official use, the cardholder must provide a credit voucher providing the item (s) were returned for credit or a personal check for the full amount of the purchase. Checks must be sent to the Finance Department with an explanation and account number. A copy will be forwarded from the Finance Department to the Purchasing Director. The employee will be subject to disciplinary action as outlined herein.

C. Serious or repeated misuse of the card will result in the revocation of the card. Employees inappropriately using their procurement card will be subject to disciplinary action as outlined herein.

D. To help the department/divisions with their reviews, management reports are available from the procurement card company.

XVI. DISCIPLINARY ACTION GUIDELINES

A. Violations/Abuse

Participation in the City's Procurement Card Program is a convenience that carries responsibilities along with it. Procurement Cards are the property of the City of Riviera Beach and shall be used with good judgment. Cardholders are expected to comply with internal control procedures to protect City assets. This includes keeping receipts, reconciling monthly statements, and following proper card security measures.

Improper use of the card can be considered misappropriation of City funds, which may result in disciplinary action up to and including termination and/or criminal prosecution. See City's Policy for Discipline and Control. Acts of abuse, misuse, and violation, includes but is not limited to:

- Purchase of items in excess of authorized amounts or budgeted funds.
- Purchase of unauthorized or prohibited goods/services.

- Making multiple transactions with the same vendor, on the same day, to circumvent single transaction limits (pyramiding).
- Not providing proper documentation, receipts, invoice, monthly statements, etc.
- Purchase of capital outlay items (requiring Purchase Orders).
- Purchase from vendors which create conflicts of interest, such as relatives.
- Purchase of personal goods/services.
- Failure to report a lost or stolen card in a timely manner.
- Not performing the Cardholder Monthly Reconciliation in a timely, complete manner.

B. **Disciplinary Action**

If a cardholder abuses the program or violates the procedures, the Department head must complete the Abuse Notification Form, and send to the Procurement Card Administrator (Purchasing Director). Upon receipt of the Abuse Notification Form, the City Procurement Card Administrator, will suspend the card (establishing $ 1.00 limit) until the issue is resolved. The City Manager should receive a copy of the complaint and the appropriate disciplinary action will follow depending on whether the abuse is determined to be either a minor or major violation. The discipline will be determined by the City Manager for City employees. Utilizing the City's policy of progressive discipline, the disciplinary action may range from a caution through dismissal. If criminal in nature, the Chief of Police will be notified for further prosecution.

For violations by elected officials, appropriate action will be determined by a simple majority (3/2) vote of the City Council.

In addition to any administrative and disciplinary action that may be taken, the cardholder will be required to reimburse the City for the total amount of any improper or unauthorized charges. The payment should be made by check or money order and delivered to the respective department head, when the monthly billing statement is reconciled at month-end.

FIXED ASSETS POLICY

SECTION X - FIXED ASSETS

Responsible Department:	Finance	**Effective Date:**	
Responsible Official:	Finance Director	**Last Revision:**	

FIXED ASSETS POLICY OVERVIEW

Scope

This policy provides general principles and guidelines to ensure proper accounting and effective financial management and control over the City's fixed assets.

Reason for the Policy

The reason for this policy is to ensure that the public's investment in the fixed assets of the City is safeguarded through an accurate fixed asset inventory system and proper financial reporting.

FIXED ASSETS ACCOUNTING POLICIES

Definition of Capital Assets

Capital assets are defined as property that has a value of $10,000.00 or more (including ancillary charges such as installation and shipping) with a useful life of one or more years (City's Resolution No. 117-02) and maintain its identity while in use. All capital assets are recorded as a City asset for the purposes of reporting asset values in the City's Comprehensive Annual Financial Report (CAFR).

Some examples of capital assets are:

- Equipment
- Vehicles
- Infrastructure
- Leasehold improvements
- Tangible personal property of a non-consumable nature
- Software for internal use
- Land, buildings, and betterments to existing capital assets, regardless of cost

The costs of normal maintenance and repairs that do not add value to a fixed asset, or materially extend its life, are not capitalized.

Governmental Accounting Standards Broad (GASB) 34 dictates the requirements for the reporting of capital assets.

Definition of Controlled Assets

Assets with a value of $1,000.00 or more but less than $10,000.00 with a useful life of one or more years are controlled and tracked (City's Resolution 119-05) on the City's fixed asset system (FAS) but not included in the asset values in the City's CAFR. These assets are expensed and are not capitalized nor depreciated in the general ledger. These items include, but are not limited to, computers, printers, minor furnishings, firearms, and general office equipment.

Valuation of Assets

Fixed assets are to be accounted for at cost or estimated historical cost if actual cost is not available. Donated and confiscated fixed assets are to be recorded at their estimated fair market value when received. Estimated costs may be calculated based on discounted replacement costs.

The following are the costs that should be **included** in the total value of a fixed asset:

The purchase price of the fixed asset, net of purchase and trade discounts, plus:

1. Freight and handling charges, including shipping insurance

2. Cost of construction
3. Allocation of fringe benefits and overhead expenses
4. Insurance premiums during construction
5. Installation and inspection costs
6. Appraisal and negotiation fees
7. Title, legal, commission, closing and survey fees incurred in connection with the acquisition of land
8. External architectural, engineering, and design costs
9. Land preparation and demolition costs of existing buildings or other structures with the intent of using the cleared land
10. Other charges incurred to place the asset in use

The following are the costs that should be **excluded** from the cost of a fixed asset:

1. Demolition, removal and disposition of existing equipment in preparation for a new project, EXCEPT for the cost to remove or demolish a building or other structure existing at the time of acquisition of land
2. Relocation and rearrangement of existing equipment
3. Start-up time, including the cost of correcting flaws
4. Licensing and registration fees for vehicles and operational equipment
5. Extraordinary costs incidental to the construction of fixed assets, such as those due to strike, flood, fire, or other causes
6. For asset exchanges, monies paid or received as part of the exchange
7. Costs to maintain and repair assets
8. Costs of abandoned construction
9. Administrative and executive salaries, even though a portion of the salary may be related to the acquisition of the fixed asset
10. Interest related to the construction period

Asset Groups

Assets are assigned to one of the following groups for the purposes of reporting in the City's CAFR:

Capital assets not being depreciated are as follows:

- Land
- Construction in Progress

Capital assets being depreciated are as follows:

- Land improvements
- Buildings and building improvements
- Improvements other than buildings
- Infrastructure (to be included)
- Furniture, fixtures, machinery and equipment (including vehicles)

Useful Life Assessments

Normal useful life is defined as the physical life, in terms of years, that an asset is expected to last before it deteriorates to an unusable condition.

Asset classes have been assigned an estimated useful life as outlined in Attachment 1. The City has adopted Palm Beach County's Standard Asset Lives (PBC OFMB CW-F-014).

Construction in progress (CIP) is not assigned a normal useful life as it is tracked as a separate asset until the time of completion, at which point the value is transferred to another appropriate fixed assets account.

Asset Acquisition Date

The asset acquisition date is usually the invoice date or the date on which the asset was placed into service.

Fund Designations

For accounting purposes, fixed assets are associated with a fund type which is either general government or proprietary (business).

General Government Funds – Fixed assets associated with governmental funds are intended primarily for general governmental use, primarily public safety and public use. These assets are accounted for in the General Fixed Asset Account Group. The source of the funds used to acquire these assets is typically, but not limited to, generated from common collected taxes and fees.

Proprietary (Business) Funds – Fixed assets associated with proprietary funds are intended primarily for the use of specific self-supporting units, such as the Marina, Utility Special District (Water and Sewer), and Storm Water (Refuse). These assets are accounted for in the operating fund for the respective proprietary fund. The source of the funds used to acquire these assets is typically, but not limited to, generated from specific fees associated with the direct use of the services provided.

Function Designations

The City defines its assets according to the following functions:

- General Government
- Public Safety
- Public Works
- Transportation
- Culture & Recreation

Depreciation Policy

1. The City utilizes the "straight line" method of depreciation to depreciate fixed assets, excluding land or land improvements, over the estimated useful life associated with the fixed asset classifications as outlined in **Schedule A** as attached.
2. Depreciation is calculated using the "half-year convention" which means that an asset is treated as if it were placed in service or disposed on the first day of the seventh month of the fiscal year. One-half of a full year's depreciation is allowed for the asset in its first year regardless of when it was actually acquired or placed in service during that year. For example, a piece of equipment was purchased on August 15, 2007, the depreciation would be calculated for the six months' period from April 1 to September 30, 2007.
3. The FAS performs the depreciation expense calculations for all fixed assets that are designated as depreciable on the FAS.
4. Depreciation expense is recorded in the accounts of proprietary funds for financial reporting.
5. Depreciation expense is calculated for assets in the General Fixed Assets account group, however, not recorded in the general government funds. However, accumulated deprecation is recorded as an increase and as a decrease in the Investment in General Fixed Assets account.
6. When fixed assets are disposed of, the property record is relieved of the cost of the asset and the associated accumulated depreciation and the necessary adjustments are made to the general ledger control accounts. Items will be flagged as disposed on an annual basis in conjunction with the annual update of the subsidiary and general ledger records. The appropriate depreciation is taken the year of disposal.

Annual Reporting

The Finance Department is responsible for determining the fixed net asset values for presentation in the City's CAFR. The value of assets includes the beginning value, additions, deletions, ending value, and accumulated depreciation for the fiscal year.

DEPARTMENT RESPONSIBILITIES

The following outlines the general and broad responsibilities for departments:

City's Departments:

- Responsible for all property assigned to their departments and to maintain them in good condition
- Proper use of the City's assets
- Ensure that the City's assets are not used for personal use or benefit

- Designate a member of staff (referred to "Fixed Assets Coordinator") to effectively manage and monitor the acquisition, transfer, and disposition of each asset at the time of occurrence, and provide the Finance Department with the relevant documentation within the specified time frame
- Comply with the fixed assets policies and procedures to ensure proper accounting and control over the City's assets.
- Initiate all transfers and disposals of assets on the FAS, generate the relevant forms from the FAS, obtain the required signatures, and submit the signed and completed forms to the Finance Department for processing
- Conduct an annual physical inventory of all assets and submit the relevant report to the Finance Department within 30 days of the end of the fiscal year
- Consult with Purchasing Department for the suitable and appropriate disposal of assets no longer required by the department
- Ensure that unneeded property is properly secured until they are properly disposed

Purchasing Department:

- **Monitor and manage the disposal of all of the City's property**
- **Coordinate and monitor auctions held by the City for the disposal of property**

City Clerk Department

- **Maintain the original deeds of land, vehicle titles and/or certificates of origin owned by the City –**
- **Responsible for the release of the above documentation –**

Finance Department:

- Presentation of the net asset values in the City's CAFR by general government and proprietary and by function
- Calculate and apply depreciation for each depreciable asset
- Provide direction and management in the establishment of appropriate useful lives by asset class
- Reconcile the fixed assets subsidiary ledgers to the fixed asset general ledger control accounts on an annual basis
- Maintain a full and comprehensive list of the City's capitalized and controlled assets
- Create and maintain asset records in the City's FAS to record acquisitions, deletions / disposals and all other changes, such as interdepartmental transfers and change in custodians
- Add all new assets purchased by the City to the appropriate department's inventory within 20 days of the end of each fiscal quarter
- Monitor the annual physical inventory process for each department

PROPERTY CONTROL

Accounting Systems

The City uses the Fixed Asset System (FAS) to maintain its fixed assets records and to calculate annual depreciation expense. The City maintains the General Ledger control accounts for the fixed assets valued $10,000.00 and over in the City's Financial Management System (FMS). The reconciliation between the subsidiary property record system (FAS) and the financial management system (FMS) are conducted at the end of the fiscal year.

Recording of Fixed Asset Details

The following information is maintained for assets on the FAS:

- Asset Control Number assigned by FAS
- Description of asset
- Asset classification (Land, Building, Equipment)
- Department
  - General Government – 901
  - Utility Special District (water and sewer) - 411

  - Marina – 420
  - Storm Water (refuse) - 460
- Location (Cost Center)
- Sub location (department, building, room)
- Custodian (employee)
- Depreciation schedule (Depreciating, Non Depreciating, Land)
- Deprecation start date, if applicable
- Acquisition date
- Vendor name
- Check number
- Cost of asset (which should include all the other costs as outlined in "Valuation" above)
- Manufacturer / Make / Serial number / Model number / License number / Engine number
- Relevant components of the asset
- G/L Expenditure Account
- Estimated life of asset
- Method of acquisition (purchase, lease-purchase, gift, donation, etc.)

ACQUISITON OF FIXED ASSETS

The City acquires fixed assets through purchase, lease-purchase, construction, eminent domain, tax foreclosures, confiscation, and gifts/donations. The method of acquisition of fixed assets is recorded on the City's FAS by the Finance Department.

Purchase of New Assets directly from a Vendor

Requisition and Purchase

All requisitions for purchase of equipment should be processed in accordance with the City's procurement policies and procedures. The purchase order issued by the City should include all costs related to the acquisition of the equipment, such as installation, warranty and freight charges.

Recording of Assets

The receipt of equipment that has been acquired by purchase is reported as part of purchasing process. The Finance Department adds fixed assets with a value of $1,000.00 or more to the FAS based on transaction details generated through the invoice payment process. The Finance Department may consult with the respective departments to obtain additional information that may be required on the property for inclusion on the FAS.

The Finance Department adds new assets purchased by the City to the appropriate department's inventory within 20 days of the end of each fiscal quarter.

Acquisition of Assets other than through Purchase

Fixed assets acquired through means other than purchase must be reported immediately to the Finance Deparment. Information such as acquisition method, date of acquisition, description, make, serial number, model number, estimated fair market value, custodian, department, and location are required for entry on the FAS. Only items with an estimated fair market value of $1,000.00 or more at time of receipt will be added to the FAS.

Capital Lease Agreement - Assets acquired through capital lease agreements must be capitalized and added to the FAS. A lease is a capital lease if at inception of the lease it meets any one of the following criteria:

a. Ownership of the property transfers to the lessor (the City) by the end of the lease term.
b. The lease contains a bargain purchase option.
c. The lease term is 75% or more of estimated useful life of the leased property.
d. The present value, at the beginning of the lease term, of the minimum lease payments is at least 90% of the fair value of the leased property to the lessor.

Trade-in Arrangement - When equipment is to be traded in for the purchase of new equipment, the purchase requisition for the new equipment should document the FAS Asset Control Number, description, manufacturer, and serial number of the equipment to be traded in. The relevant department unit facilitating the trade-in should immediately report the trade-in transaction to the Finance Department.

Donation or Confiscation - These assets are recorded at their estimated fair market value at the time of acquisition.

Construction - Departments are required to obtain approval from the City Council for projects above a specified amount. Once approved by the City Council, the Finance Department will assign a job code to the project to ensure proper financial management of the project. The project details should include a description of the project, responsible department, and the estimated costs to complete.

All expenditures for construction projects are recorded at acquisition costs irrespective of the amount. These expenditures are accumulated in the Construction in Progress account until the project is complete. Once the project is complete, the cumulative costs are transferred to another appropriate fixed assets account at the end of the fiscal year.

DISPOSAL OF FIXED ASSETS

All City Departments are required to provide detailed information on all assets disposed during a fiscal year. Disposal of assets are to be within the City's guidelines regarding the disposal of assets.

Authorizing and recording the disposal of property

In keeping with Florida Statute 274.06, the authority for the disposal of property shall be recorded in the minutes of the City.

Purchasing Department will monitor and manage the disposition of the City's property and maintain documentation on the method of disposal, date of disposal, reason for disposal, and values received, if any, and provide the Finance Department with the proper documentation for the fixed assets property records to be updated on the FAS. Only items with an original acquisition value of $1,000.00 or more are to be reported to the Finance Department.

Finance Department will record the disposal of the property on the City's records at the end of the fiscal year during the closing process in order to ensure that the proper depreciation calculation, if required, is done.

Finance Department will record the item(s) for disposed on the FAS under the authority of the Purchasing Manager.

Reasons for the Disposal of Fixed Assets

The City's fixed assets may be disposed of as follows:

Trade-in - Assets may be considered for trade-in at the time of acquisition of replacement assets in accordance with the established procurement policies and guidelines. The asset traded in will be removed from the City's records.

Sale of Surplus Property - In the event that no other City department has been identified as a potential recipient of the surplus property, the Purchasing Department may sell surplus property by soliciting competitive bids. The sale is to be a result of public notice in a local newspaper, not less than 1 week nor more than 2 weeks prior to sale.

The City will refer to the 2006 Florida Statute 274.05 for the disposal of surplus property for further details.

Useless Property - A Department Head may recommend to City Manager the disposal of assets (with an original acquisition value of $1,000.00 or more) that are both no longer in use and have been determined to have no remaining value with a recommendation for the assets to be donated, destroyed or discarded. The City Manager issues a written approval for such disposal of assets.

For property, the value of which the City estimates to be under $5,000, may be disposed of in the most efficient and cost-effective means as determined by the City.

Any sale of property, the value of which the City estimates to be $5,000 or more is to be a result of public notice in a local newspaper, not less than 1 week nor more than 2 weeks prior to sale.

The City will refer to 2006 Florida Statute 274.06 for the disposal of such property.

Unlocatable Property - If property cannot be located, and an individual within the department has personal knowledge of its unauthorized disposal and will attest to the nature of its disposition, the equipment may be removed

from the FAS based on the individual's statement. The request to remove the equipment should identify the nature of the unauthorized disposal and indicate the name of the individual attesting to its disposal.

Other unlocatable equipment may be removed only after a physical search has been completed and substantial follow-up efforts have failed to locate the item. Requests to remove these items must provide the most likely explanation for its actual disposal (scrapped without authorization, cannibalized, etc.) under the signature of the Department Head.

All requests to remove unlocatable equipment from FAS must include the signature of the Department Head. The Finance Department may request additional clarification or documentation of the disposal as needed for the City's internal control systems.

Loss of Property

Casualty loss - Equipment destroyed or irreparably damaged through fire, flood, accident, etc., must be reported promptly to the Finance Department. The Finance Department records the item(s) as disposed on the FAS under the authority of two approvals, which must be that of the Department Head suffering the loss and his/her immediate supervisor.

Stolen equipment – Departments must immediately report stolen equipment to the City's Police Department and provide them with a complete description of the equipment, including the FAS Asset Control number and the manufacturer's serial and model numbers, if known. The department suffering the loss must then promptly inform the Finance Department, provide any supporting documentation from the police record. The Finance Department records the item(s) as disposed on the FAS under the authority of two approvals, which must be that of the Department Head suffering the loss and his/her immediate supervisor.

Transfer of Equipment between Departments and/or Custodians

When a permanent transfer of equipment is made between departments and / or custodians, a **Request for Asset Transfer** form must be generated from the FAS, provided that the asset is recorded on the FAS.

The following outlines the process for transferring equipment:

1. The originating department is required to obtain the asset's FAS asset control number and change the department to the receiving department and receiving custodian.
2. Once this information has been changed on the FAS, the **Request for Asset Transfer** form is printed and signed by the Department Heads of both the originating and receiving departments. Original signed form is to be submitted to the Finance Department within three (3) days.
3. The Finance Department processes the transfer and update the information on the FAS within five (5) days after receipt of completed and signed form.

Assignment of Fixed Asset Control Numbers

The FAS automatically creates a Fixed Assets control number in consecutive order without regard for asset type.

Physical Asset Tagging of Property

The City of Riviera Beach uses the serial numbers assigned by the manufacturer to identify the asset on the Fixed Asset System. Based on the asset type, the City will mark the assets with a suitable identifiable mark stating "Property of the City of Riviera Beach."

ANNUAL PHYSICAL INVENTORY COUNT AND AUDIT

Physical inventories are used to verify the physical location of assets and accuracy of the Fixed Asset System. The Fixed Asset System provides a full inventory, however, in order to maintain the integrity of the FAS, an annual inventory of all City property and a random sample inventory of the property is required.

Annual Physical Inventory Count

The Finance Department will generate the physical inventory count sheets for each department at fiscal year end for all assets on the FAS. All property on the Count Sheets must be verified. The inventory must verify the presence or

absence of the asset and confirm that the location, serial number, description, model number, custodian and any information for the asset are complete and correct and note any change since it was last inventoried.

The annual physical inventory shall be conducted within 30 days of the end of the fiscal year by individuals other than the custodians of the assets for the current year's inventory. The Department Head will assign individuals to complete the physical inventory; one person should be able to provide expertise in verifying descriptions and facilitating access to the assets and the second individual is an impartial reviewer who does not have direct responsibility for the property being inventoried.

Upon review and confirmation of the validity of the inventory, the team members should sign the inventory along with the Department Heads. Department Heads are ultimately responsible and accountable for the property assigned to their respective departments and will be required to sign off on the physical inventory count documentation and state the completion date of the inventory. The completed physical inventory sheets are to be submitted to the Finance Department for the fixed asset system to be updated along with a memorandum with the following statements signed by the appropriate officers:

> *I certify that I have made or caused to be made a physical inventory of property in or assigned to the department or area for which I am the "accountable officer," and that the property shown on Sheets ___ to ___, reflects a true and accurate accounting of property assigned to my department or area, and for which I am personally responsible. The property information shown on this listing, together with any additions, changes, or deletions noted, reflects a true and accurate property inventory record as of the date of this certification.*

_____	_____
Department Head's Signature	**Date**

Signatures, names and titles of other persons completing inventory:

_____	_____
Signature	**Signature**
Name	**Name**
Title	**Title**
_____	_____
Signature	**Signature**
Name	**Name**
Title	**Title**

The original annual physical inventory documentation is retained by the Finance Department for a period **of XXXX** years in keeping with the City's retention policy. Departments are required to retain copies of their department's physical inventory documentation for the same period.

Any discrepancies are to be explained by the respective departments and all unresolved issues are to be reported to the Finance Department for appropriate action.

Audits of Physical Assets

In addition to the annual physical inventory count conducted by departments, the City will conduct an independent audit of physical assets assigned to each department. Departments may be required to provide assistance in locating items within their department, if necessary.

The audit of physical assets will utilize random sampling which will serve as an indicator of accountability. The annual audit of physical assets will consist of the following segments:

1. 100% audit of all controlled assets with an initial cost value of $10,000.00 and above
2. 100% audit of all assets is required, where a department has 30 items or less irrespective of the asset value
3. Where a department has more than 30 items with a value less than $10,000.00, a random sampling will be utilized and assets will be selected as follows:

- Select 3 to 4 items for every 30 items with a value of less than $10,000.00 depending on the multiple being used to randomly select the items for audit
- Use a multiple of 7, 8 or 9 which should change from year to year, select items falling on the following lines:

For every 30 items	30	30	30
No. of items to select	4	3	3
Select items on lines:	7	8	9
	14	16	18
	21	24	27
	28	32	36
	35	40	45
	42	48	54
	49	56	63
	56	64	72
	63	72	81
	70	80	90

Reporting Discrepancies

Where discrepancies are discovered during the annual audit of physical assets, Department Heads are to be duly notified for the appropriate action to be taken as outlined above under the appropriate sections for "**Disposal of Fixed Assets**."

SCHEDULE A - STANDARD ASSET LIVES FOR THE CITY OF RIVIERA BEACH

FAS Sub Code	Description	Useful Life in Years	
10000	**Land**		
10100	Vacant Lots	0	
10200	Parks/Recreation Areas	0	
10300	Land W/structures	0	
10400	Land for Infill Program	0	
11000	**Land Improvements**		
11100	Fencing - Metal	20	
11110	Fencing-Wood	10	
11200	Landscaping - Trees	20	
11201	Landscaping - Other	10	
11210	Sprinklers	5	
11220	Irrigation Systems	5	
11300	Swimming Pools	20	
11400	Paved Courts	10	
11410	Grass Fields	10	
11500	Parking Lots	10	
11510	Sidewalks	10	
11600	Streets, Roads, & Highways	20	
11610	Bridges	40	
11700	Easements	20	
11710	Right Of Ways	20	
11720	Curbs And Gutters	20	
11800	Drainage Systems	20	
11900	Street Signs, Lighting, & Stripes	10	
11910	Traffic Signal Systems	10	
20000	**Buildings**		
20100	General Government	20 / 40	
20200	Recreational Facilities	20 / 40	
20300/10/20	Plants/warehouses	20 / 40	
21000	**Building Improvements**		
21100	Roof	20	
21200	Ventilation	20	
21300	Floors	20	
21400	Structures	20	
30000	**Office Furniture & Equipment**		
30100/10/20	Office Furniture & Fixtures	10	
30200	Computers (desktops&laptops)	3	
30210	Computer Software	3	
30220	Printers/scanners/faxes	10	
30230	Servers	10	
30240	Tape Backup & Data Storage Units	10	
30300	Copiers	10	
30400	Library Books	5	
30500	Miscellaneous Equipment	5	
30600	Audio/visual/video Equipment	5	
40000	**Operating & Maintenance Equipment**		
40100	Small Tools	5	
40200	Plant Equipment	5	
40210	Meters & Fittings	15	
40211	Mains & Accessories	50	
40212	Pumping & Treatment	25	
40213	Wells	20	
40220	Lift Stations	30	
40221	Sewer Collection	30	
40300	Mechanical Equipment	5 to 10	
40310	Pistols / Guns	5	
40400	Communications Equipment	5	
40500	Household Appliances	4	
50000	**Vehicles**		
50100/10/20	Passenger Cars/SUV	5	
50200/10/20	Pick-up Trucks	5 to 7	
50300/10/20	Jeeps / Golf Carts	5	
50400	Motorcycles	5	
50500	Heavy Equipment Vehicles	7 to 12	
50600	Transportation Equipment	7	Specialized transit buses
50600	Transportation Equipment	12	Mass transit buses
90000	**Construction in Progress (CIP)**	**none**	

CONTRACT COMPLIANCE

VI. Contract Compliance/Administration

A contract is a legally binding agreement between the parties identified in an agreement to fulfill all the terms and conditions outlined in the agreement. A prerequisite requirement for the enforcement of a contract, amongst other things, is the condition that all the parties to the contract accept the terms of the claimed contract.

Contract compliance (hereafter also referred to as "contract administration") involves those activities performed after a contract has been awarded to determine how well the City and the contractor performed to meet the requirements of the contract. It encompasses all dealings between the City and the contractor from the time the contract is awarded until the work has been completed and accepted or the contract terminated. It also includes contractor payment and dispute resolution. As such, contract administration constitutes that primary part of the procurement process that assures the City gets what it paid for.

In contract administration, the focus is on obtaining goods and services, of requisite quality, on time, and within budget. While the legal requirements of the contract spell-out the proper course of action of City officials in administering a contract, the exercise of skill and judgment is often required to effectively protect the public interest.

The specific nature and extent of contract administration varies from contract to contract. It can range from the minimum acceptance of a delivery and payment to the contractor to extensive involvement by program, audit, and procurement officials throughout the contract term. Factors influencing the degree of contract administration include the nature and complexity of the work, the type of contract, and the experience and commitment of the personnel involved. Contract administration starts with developing clear, concise performance based statements of work to the extent possible, and preparing a contract administration plan that cost effectively measures the contractor's performance, and provides documentation to pay accordingly.

Good contract administration assures that end users are satisfied with the goods or services being obtained under the contract, the City receives goods and services on time, and within budget before final payment is made to the contractor. The purpose of this policy and statement of procedures is to ensure that these objectives are met.

An integral part of the administration of contracts is the proper filing, recording, management, and control of contract documents. The City Clerk is the City's official custodian of records, books, papers, minutes of meetings, etc. The City Attorney is responsible for ensuring that contracts are in a proper legal form and that the City's interests in a contract are properly safeguarded. The City Manager is responsible for ensuring that contracted for goods and services are necessary and in the interests of the public; that appropriate policies and procedures are in effect to secure contract goods and services in accordance with the laws, rules, regulations, or other official actions of the federal, State, and local governments; and, that contracts are accounted for, managed, controlled, and completed in a satisfactory manner. The City Council is responsible for making policy determinations relating to contracting for goods and services, approving contracts over certain spending limits imposed on the City Manager; and for approving the expenditure of funds for the payment of contracts.

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I. PURPOSE OF THE POLICY

To ensure that contracted for goods and services are necessary and in the interests of the public; that appropriate policies and procedures are in effect to secure contract goods and services in accordance with the laws, rules, regulations, or other official actions of the federal, State, and local governments; and, that contracts are accounted for, managed, controlled, and completed in a satisfactory manner.

II. POLICY

City representatives shall engage in contracts for goods and services, on behalf of the City, in a manner that provides the City with contractors who have been selected in compliance with the City's purchasing regulations and who are responsive to end user requirements as specified in their contracts. Contracts shall be monitored by the City Manager's office and an original signed copy of each contract shall be filed with the City Clerk's office.

III. AUTHORITY

Each City department head and other City personnel, as determined by the City Manager, is authorized to administer contracts for goods and services that fall under their sphere of responsibility.

IV. RESPONSIBILITY

Each City elected official, department head, and other City personnel, as determined by the City Manager, who administers contracts is responsible for ensuring that:

1. The need for contracted goods an services has been adequately justified;

2. Public bid procedures have been followed;

3. Selected contractors are able to perform the requirements under the contract;

4. Contracts are monitored to ensure that their terms and conditions are being met in a timely manner and within budget;

5. Contractors are being paid according to the terms of the contract; and,

6. The City receives contracted goods and services before final payment is made to the contractor.

7. Appropriate documentation in support of paying for contracted goods or services are processed with the Finance Department in a timely manner.

V. DEFINITIONS

1. Contract - A legally binding agreement between the City and a contractor for the provision of goods or services.

2. Contract Administration/Contract Compliance - The steps, actions, or other processes followed by a City representative to ensure that the end user's requirements, as specified in a contract for such goods or services, are met on time and in a satisfactory manner.

3. City Representative/Contracting Authority - The City Manager, member of the City Council, department head, or other person designated by the City Manager to represent the City's interests in a contract for goods or services.

4. Contractor - An individual, company, or other entity that is in the business of providing goods or services to the City.

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VI. PROCEDURE

The following are steps to be taken in developing and administering contracts.

A. Contract Development

1. **Contractor Selection.** Ensure that the City's processes and procedures for selecting a contractor that is responsive to the end user's requirements for goods or services are met.

   a. Specify the required goods or services required, in detail.

   b. Follow the City's purchasing policies and procedures to make the appropriate solicitation and award the contract.

2. **Prepare the Contract.** When a vendor is selected, do the following.

   a. Prepare the contract using the City's standard contract or develop a special purpose contract, as determined by the circumstances.

   b. Ensure that the terms and conditions of the contract are sufficient to protect the interests of the City.

   c. Prepare a Statement of Work to be performed through the contract. Ensure that the goods or services required are specifically identified and that delivery and payment timetables are clear and unambiguous.

   d. Have the contract preliminarily approved by the City Manager according to rules or regulations developed by the City Manager for this purpose.

3. **Contract Approval by City Attorney.** Have the contract approved by the City Attorney as to form and substance.

4. **Contract Final Approval by City Manager.** After the contract is completed and the City Attorney has determined that the contract meets appropriate legal requirements, the contract should be approved by the City Manager.

5. **Contract Approval by City Council.** As required by law, statute, the City Code, or other applicable regulations, have the contract approved by the City Council.

6. **File Contract with City Clerk's Office.** Immediately upon execution of the contract or approval by the City Council, as appropriate, the contracting authority should ensure that an original signed copy of the contract is filed with the City Clerks's office.

7. **Update Contract Database.** The contracting authority should update the contract database with required information about the contract and the contractor.

B. **Contract Administration**

1. **Become Familiar With Contract.** Read and analyze the contract; understand its terms and conditions. The contract should tell you what is required of the vendor and it should also spell out the responsibilities of the City. If the City does not meet its responsibilities under the contract, chances are the contractor (vendor) will not be able to meet its obligations either.

2. **Write <u>Statement of Work</u>.** This should be done if it was not done prior to contract award. The statement of work spells out in detail all the tasks and milestones that must be reached. It will also contain specific, detailed responsibilities for both the contractor and the end user. Although the contract itself may explain a payment plan, further detail or explanation of this may be included in the statement of work.

3. **Develop Contract Administration Plan**, based on the complexity of the contract. Each action expected to be done by the contractor and the City department should be stated along with time lines and milestones. Include a responsibility matrix (both City and contractor responsibilities), a work breakdown structure, and a schedule of key tasks.

4. **Create Checklist of Aspects of Contract to be Monitored**, based on the contract itself and the statement of work. Maintain this checklist throughout the contracting term. Some examples of items to include in this checklist are:

   a. All contract dates (start and end dates);
   b. Milestones and due dates;
   c. Deliverable due dates;
   d. Installations, implementations, training details;
   e. All costs;
   f. Invoice due dates;
   g. Payment due dates;
   h. All contractor responsibilities/promises listed in the contract or statement of work;
   i. Contract changes and change orders; and,
   i. All City responsibilities/promises listed in contract or statement of work.

5. **Conduct Internal and External Pre-performance Conference(s).** Depending on the size and complexity of the project, conduct internal and external pre-performance conferences.

   a. Internal conferences are held to familiarize the project team with the contract, the statement of work, and the contract administration plan.
   b. External conferences bring together the internal team and the contractor's team to ensure that everyone understands their responsibilities, the contract, the statement of work, and general expectations as well as contractual prohibitions for both parties.

6. **Conduct Ongoing Project Oversight and Task Administration.**

   a. Document contract changes.
   b. Monitor and document progress. Conduct regular progress reviews with vendor and contract administration team.
   c. Identify problems, discuss solutions with contractor, and work to resolve the problems with the contractor.

d. Accept or reject services performed.
e. Review checklist to ensure that all issues of performance are being or have been completed.
f. Review and accept or reject invoices. Pay according to the payment schedule.
g. Document lessons learned for the next round of contract administration.

7. **Manage Contract Changes and Change Orders**

Due to unforeseen circumstances, there may be occasions where what is agreed in a contract needs to be changed later on. Contract changes should be thoroughly documented and approved, in advance. Contract changes that necessitate a change in the contract amount may require approval of the City Council.

Before agreeing to any changes in the terms of an existing contract, the City should first determine if the changes are necessary and cost effective in achieving the objectives of the contract.

8. **Manage and Control Executed Contracts**

To ensure that there is proper oversight of the contracting process, the City Manager shall institute a contract management and control system. The system will be controlled through the use of a database management system that can be accessed by the City Manager's office, the contracting departments, and the City Clerk's office.

a. When a contract is approved, the contracting department shall enter all pertinent data into the contract management system database. Data fields will include, but not be limited to the following.

(1) Contract Reference Number (including the year the contract was executed), example - CRN2008XXXX.
(2) Contractor name and other contact information.
(3) Purpose of contract and deliverables (description of work to be accomplished).

(4) Contract amount.
(5) Source(s) of funds used to pay contractor.
(6) Primary expense categories.
(7) Eligible costs under the contract.
(8) Contract start and end dates (along with contract term).
(9) Contract terms and conditions.
(10) Contract milestones with projected completion dates.
(11) Type of contract (new, amendment, inter-local, other).
(12) Contract change order information.
(13) Contract completion date.

b. The City Clerk's office should update the database when the signed original copy of the contract is filed. If the contract is not filed in a timely manner, the contracting authority should be notified with a request to comply. If the contracting authority fails to comply with the filing requirement, the City Manager's office should be notified for follow-up. The database shall be structure so that timely compliance reporting to the City Clerk's office is facilitated.

c. Important completion milestones in the performance of the contract should be updated in the contract database.

d. Contract change orders should be input in the contract database.

e. Contract completion information should be input into the database upon successful completion of a contract.

f. All required documentation in support of the payment for goods or services under a contract shall be prepared and submitted to the Finance Department in a timely manner. Failure to comply with this requirement presents a burden to the contractor. Any Contracting Authority who fails to comply with the requirement for complete and timely submission of payment documentation on contracts will be reported to the City Manager's office for appropriate action.