



October 29, 2013

## REQUESTS FOR PROPOSALS

### REVIEW AND UPDATE OF THE CITY'S ADMINISTRATIVE FINANCIAL/REVENUE POLICIES AND PROCEDURES

Dear Firm:

The City of West Hollywood, the Successor Agency to the West Hollywood Community Development Commission and the West Hollywood Housing Authority (collectively referred to as "City") is seeking proposals from qualified Firms to review and update the City's Administrative Financial Policies and Procedures Manual and review the City's existing Revenue Procedures and Practices.

Qualified Firms who meet the following minimum criteria are invited to respond to the attached Request for Proposals (RFP). Firms must:

- Have demonstrated experience and ability to review, update, and provide recommendations on financial/revenue policies and procedures; and
- Have technical knowledge relating to city/local government processes and procedures.

If your Firm meets these minimum qualifications and wishes to respond to this RFP, please submit a contact person via email to:

**Lorena Quijano, Accounting Services Manager**

City of West Hollywood, Department of Finance of Technology Services

8300 Santa Monica Blvd

West Hollywood, CA 90069

Phone (323) 848-6513

Fax (323) 848-6566

[lquijano@weho.org](mailto:lquijano@weho.org)

**Proposers must submit an original and six (7) copies of their proposals by 4:00 p.m., Monday December 23, 2013 addressed to:**

City of West Hollywood

Attn: Corey Schaffer, City Clerk

8300 Santa Monica Blvd

West Hollywood, CA 90069

***Proposals received after that date and time will not be considered.***

**FINANCIAL ADMINISTRATIVE  
POLICIES & PROCEDURES  
REVIEW**

**REQUEST FOR PROPOSALS**



**OCTOBER 29, 2013**

**RESPONSE DUE: DECEMBER 23, 2013**

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## Introduction

The City of West Hollywood seeks, through a competitive RFP process, the consulting services of a qualified organization to review and update the City's financial administrative policies and procedures. This review would also include reviewing and making recommendations in regards to the City's current revenue procedures. The key deliverables from the project are:

- Review the City's current financial administrative policies, procedures and practices
- Analyze the existing financial administrative policies and procedures manual and identify areas of possible concern and/or potential weaknesses in internal controls
- Provide recommendations and create an updated, effective, accessible, comprehensible and well-designed Financial Administrative Policies and Procedures Manual
- Review and provide recommendations to existing revenue procedures
- Develop a role out plan
- Assist with any training and implementation

Responses must conform to the requirements of this Request for Proposals (RFP). The City reserves the right to waive any irregularity in any proposal or to reject any proposal, which does not comply with this RFP. The selection of the proposal will be made solely by the City on criteria determined by the City.

The successful proposer will be required to enter into an agreement, which will include the requirements of this RFP as well as other requirements. The initial term of the agreement will be the duration of the project with the option to extend the agreement for a mutually agreed upon term.

The City expects, but does not guarantee, that the decision on selection of a firm will be made on the date indicated in the Proposal Schedule. The City assumes no obligation for any costs incurred by any proposer in preparing the response to this RFP, attending an interview, or any other activity prior to the award of the contract to the selected proposer.

The City's principal contact for this proposal will be Lorena Quijano, Accounting Services Manager, (323) 848-6513, lquijano@weho.org, 8300 Santa Monica Boulevard, West Hollywood, CA 90069. Proposers may not contact any City of West Hollywood official, employee, vendor or customer to gather information about this RFP.

City Hall is located at 8300 Santa Monica Blvd., West Hollywood, CA 90069. The telephone number is (323) 848-6400, and the fax is (323) 848-6575.

## **West Hollywood Background**

The City of West Hollywood is a General Law City with a Council/Manager form of government. The City is also a contract city, which contracts out many of its public services. The City has approximately 210 full-time and about 30 part-time employees. Its operating budget is approximately \$90 million. The City fiscal year begins on July 1 and ends on June 30.

## **Organization's Mission Statement**

As a premiere city, we are proactive in responding to the unique needs of our diverse community, creative in finding solutions to managing our urban environment, and dedicated to preserving and enhancing its well-being. We strive for quality in all our actions, setting the highest goals and standards.

## **Organization's Core Values**

- Respect and Support for People
- Responsiveness to the Public
- Idealism, Creativity and Innovation
- Quality of Residential Life
- Promote Economic Development
- Public Safety
- Responsibility for the Environment

## **Project Purpose**

An update of the City's financial administrative policies and procedures will increase the City's responsiveness and productivity through offering more efficient processes and service delivery to all who conduct business with the City.

## **Project Goals and Objectives**

The City of West Hollywood wishes to retain a consultant to perform a review and revision of the City's financial administrative policies to ensure consistency among policies and conformation with state and federal laws. The scope would include making recommendations and developing new policies, if necessary. In addition, the consultant will review the City's current revenue procedures and make recommendations as needed.

## Overview of Current State

The City currently utilizes financial administrative policies and procedures that have been in place for a number of years. The City wishes to update the existing Financial Policies and Procedures, as well as, review and update their current revenue procedures. Please refer to the attached City's current financial policy and procedure manual attached, updates to the financial policies and procedures and Financial Administrative Regulations (Appendix C).

## General Terms and Conditions

- A. Proposers may withdraw their proposals, without prejudice, prior to the date and time specified for proposal submission, by sending a written request to David Wilson, Director of Finance and Technology Services. No proposal received after the closing date will be considered.
- B. The proposer to which the award is made will execute a written contract with the City within one hundred (120) working days after Notice of the Award has been sent by mail to the address provided in the proposer's proposal unless both parties mutually agree to extend the contract execution deadline. If the proposer to which the award is made fails to enter into the contract, the City reserves the right to nullify the award and award may be made to the next best proposal as determined by the City.
- C. The successful proposer will not assign, transfer, convey, or otherwise dispose of the contract, or right, title of interest, or power to execute such a contract to any person, any other firm, or corporation without previous consent in writing from the City.
- D. The contract will provide that the City reserves the right to terminate the contract at any time upon sixty (60) days prior written notice of the City's intent to terminate the contract. Causes for termination of the contract may include, but are not limited to any one of the following: failure to promptly and faithfully provide the services required in this RFP; violation of any law; failure to cooperate upon receiving any reasonable request for information or service; and improper actions of the firm officers or employees which, in the opinion of the City, would adversely affect the City's interest. The contract may be terminated by the firm upon a 180 day written notice.
- E. The initial term of the agreement will be for the duration of the project. Fees during the option periods will be negotiated between the City and the proposer. This RFP and the Proposal submitted in response to this RFP may be incorporated as part of the final contract.

**Inquiries**

The City’s principal contact for this proposal will be Lorena Quijano, Accounting Services Manager, (323) 848-6513, lquijano@weho.org, 8300 Santa Monica Blvd., West Hollywood, CA 90069. Proposers may not contact any City of West Hollywood official, employee, vendor or customer to gather information about this RFP.

**Evaluation Criteria**

The sole purpose of the proposal evaluation process is to determine which solution best meets West Hollywood’s needs. The evaluation process is not meant to imply that one proposer is superior to any other, but rather that the selected proposer can provide the best solution for West Hollywood’s current and future needs based on the information available and West Hollywood’s best efforts of determination.

The proposal evaluation criteria should be viewed as standards that measure how well a proposer’s approach meets the desired requirements and needs of West Hollywood. West Hollywood reserves the right to determine the suitability of proposals on the basis of any or all of these criteria or other criteria not included in the list below.

The following selection criteria will be used to evaluate the proposer responses to the RFP. The proposals will be evaluated against all of the following criteria. A percentage is assigned to each criterion thereby providing a weight to the importance of the criteria in the overall selection.

<b>Evaluation Criteria</b>	<b>Weight</b>
Capabilities and ability to meet the technical, business, and functional requirements of this RFP Response demonstrates how the firm will adequately meet the City’s needs	20%
Demonstrated experience and ability to review financial policies and procedure Proposer highlights consulting experience, particularly with public agencies, over the past five years	20%
Price Reasonableness of proposed cost, fees and expenses for services	20%
Completeness & quality of the response as outlined in the RFP Response adequately addresses all requirements of the RFP including formatting, inclusion of attachments and number of copies	15%
Feasibility, timeliness, and quality of project schedule Proposer provides realistic schedule and addresses the resources and time commitment required by West Hollywood personnel	15%
Quality and depth of references References adequately substantiate proposer’s ability to deliver proposed services	10%

## Proposal Schedule

Request for Proposal Issued	October 29, 2013
RFP questions due via email	November 18, 2013
Distribution of answers to questions	December 2, 2013
Proposals Due at City Clerk's Office	
<b><i>No later than 4:00 p.m.</i></b>	December 23, 2013
Interviews, if required	January 8 or 9, 2014
Projected Selection	February 3, 2014
Implementation Start Date	February 2014

## Revision to the RFP

West Hollywood reserves the right to revise the RFP prior to the date that proposals are due. Revisions to the RFP shall be mailed to all potential proposers. West Hollywood reserves the right to extend the date by which the Proposals are due. This RFP does not commit West Hollywood to award a contract, to defray any costs incurred in the preparation of a Proposal pursuant to this RFP, or to procure or contract for work. All proposals submitted in response to this RFP become the property of West Hollywood and public records, and as such, may be subject to public review.

West Hollywood reserves the right to cancel, in part or in its entirety, this RFP, including, but not limited to: selection schedule, submittal date, and submittal requirements. If West Hollywood cancels or revises this RFP, all proposers will be notified in writing by West Hollywood.

West Hollywood reserves the right to request additional information and/or clarifications from any or all proposers to this RFP.

## Procedure for Submitting Proposals

Failure to comply with the requirements of this RFP may result in disqualification. Proposals received subsequent to the time and date specified above will not be considered. Proposals must include all the sections listed below and must be indexed and numbered in the order outlined below. List your responses and/or any reference to attachments as indexed and numbered below. To assist in the evaluation of the responses, please utilize the section titles listed below.

Proposals must be received at the City Clerk's Office no later than 4:00 p.m. on the date indicated in the Proposal Schedule. Proposals received after 4:00 p.m. on the date indicated in the Proposal Schedule, regardless of the date of their postmark, will be rejected.

Proposals must:

- not be folded and not be bound with any fabric, plastic, glue, staples, folder or rubber bands

- show page numbers for all pages in the proposal
- include seven (7) copies, each punched in a 3-ring binder and one (1) electronic copy on a disc or thumb drive as a PDF file
- be on 8-1/2" X 11", 20-24 lb. white paper (do not submit covers)
- be submitted in one or more envelopes, each of which clearly:
  - ✓ States "Financial Administrative Policies & Procedures RFP"
  - ✓ Identifies the proposers
  - ✓ States the number of the envelope and the total number of envelopes by the proposer

The envelope must be addressed as follows:

City of West Hollywood  
Attn: Corey Schaffer, City Clerk  
8300 Santa Monica Blvd  
West Hollywood, CA 90069

If hand delivered, address as above and deliver to the City Clerk's office.

Proposals must address the requirements of the RFP in the exact order set forth in this Section. They should be as concise as possible and must not contain any promotional, advertising or display material.

### **Data to be Submitted with Proposal**

The content and sequence of the information contained in each copy of the proposal shall be separated by tabs as follows:

- A. Letter of Transmittal  
Include your understanding of the work to be performed and conformance with General Terms and Conditions. In addition, state why you believe you are the best qualified to perform the services requested.
- B. Summary Sheet  
This section of the proposal must include a fully completed copy of the Summary Sheet (Appendix B) included with this RFP.
- C. Conceptual Plan  
The City has not performed a detailed analysis of its current Financial Policies and Procedures in several years. It is the intent, through this RFP process, to update the Financial Administrative Policies and Procedures in order to ensure that current policies and procedures are effective, accessible, comprehensible, well-designed and relevant to the City and its needs and in line with all legislation and regulation.

Provide a conceptual plan for services to the City that you believe is appropriate for the City. Indicate features, resources, technology, skills and/or services, which distinguish your firm and make it the better choice for the City.

Submittal of an implementation plan which includes: the process, requirements of City staff, training that will be provided and project schedule is required as part of the Conceptual Plan. In addition, explain how the firm will handle day-to-day problem resolution during the transition.

D. Cost Proposal

An estimated cost proposal for the conceptual plan must be provided. Provide an explanation of any assumptions that the proposer made in calculating the project costs. Include hourly rates for all team members that will be involved in this project and any additional expenses.

E. Other Services

The firm may be required to provide standard financial policy consulting services not specifically referenced in this RFP. Based on the information provided in the RFP and your firm's knowledge of the public sector, please describe any services or technological enhancements, not previously mentioned, that should be considered for further improving the effectiveness of the City's financial administrative policies and procedures (two pages maximum).

F. References and Pending Litigation

List five similar public agencies for which your firm has provided services in the last five years and when performed. In a table format, show name of the organizations, services provided, and names and telephone numbers of persons who can be contacted with regard to the services you have provided.

Include an explanation and status, if in the last five years, the firm or an officer or principal of the firm has been involved in any litigation, legal proceedings, or investigations by a regulatory authority.

G. Certification of Proposals

Return a copy of the entire completed certification properly executed as provided for in Appendix A.

H. Proposer's Insurance

The selected proposer must provide and maintain in force at all times during the term of the services contemplated herein insurance for Workers' Compensations, Commercial General Liability, and Errors and Omissions Liability or Professional Liability in amounts consistent with the services provided and as determined jointly by the City and the firm. Such policies should be issued by companies admitted in the State of California.

I. Environmental Sustainability

Please explain methods that will be used while conducting business in the City of West Hollywood that encourages recycling of materials and implementation of environmentally friendly practices and procedures.

**Selection Process**

Responsive proposals received by the deadline will be evaluated by an evaluation committee, which may include an outside consultant, established by the City. Additionally, an independent checking of references may be used to assist in selecting the finalist(s). Oral interviews at City Hall may be conducted by the City. Contract negotiations will take place with the finalist.

Award will be made to the Proposer offering the most advantageous proposal after consideration of all evaluation criteria set forth in this RFP. The committee will evaluate all proposals received in accordance with the evaluation criteria. The City shall not be obligated to accept the lowest priced proposal, but will make an award in the best interest of the City after all factors have been evaluated.

A Notification of Intent to Award may be sent to any Proposer selected. Award is contingent upon the successful negotiation of final contract terms. Negotiations shall be confidential and not subject to disclosure to competing Proposers unless an agreement is reached. If contract negotiations cannot be concluded successfully, the City may negotiate a contract with the next highest scoring Proposer or withdraw the RFP.

**General Requirements**

A. Right to Request Additional Information

During the evaluation process, the evaluation committee reserves the right, where it may serve the City's best interest, to request additional information or clarifications from Proposers, or to allow corrections of errors or omissions. At the discretion of the evaluation committee, firms submitting proposals may be requested to make oral presentations as part of the evaluation process.

B. Right to Reject Proposals

The City reserves the right without prejudice to reject any or all proposals.

C. Proposal Interpretations and Addenda

Any change to, or interpretation of, the RFP by the City will be sent via email to the contact person provided by each Proposer by the Director of Finance and Technology Services and any such changes or interpretations shall become part of the RFP for incorporation into any agreement awarded pursuant to the RFP.

D. Public Record

All proposals submitted in response to this RFP will become the property of the City upon submittal and a matter of public record pursuant to applicable law. The City reserves the right to retain all proposals submitted.

E. Additional Services

The general service requirements outlined above describe the minimum work to be accomplished. Upon final selection of the firm, the scope of service may be modified and refined during negotiations with the City.

F. Undue Influence

The firm declares and warrants that no undue influence or pressure is used against or in concert with any officer or employee of the City in connection with the award of this RFP, including any method of coercion, confidential financial arrangement, or financial inducement. No officer or employee of the City will receive compensation, directly or indirectly, from Consultant, or from any officer, employee or agent of Consultant, in connection with the award of the Agreement or any work to be conducted as a result of the Agreement. Violation of this Section shall be a material breach of the Agreement entitling the City to any and all remedies at law or in equity.

Appendix A  
Certification of Proposal to the City

1. The undersigned hereby submits its proposal and, by doing so, agrees to furnish services to the City in accordance with the Request for Proposal (RFP), dated October 29, 2013 and to be bound by the terms and conditions of the RFP.
2. The proposer has carefully reviewed its proposal and understands and agrees that the City is not responsible for any errors or omissions on the part of the Proposer and that the Proposer is responsible for them.
3. It is understood and agreed that the City reserves the right to accept or reject any or all proposals and to waive any informality or irregularity in any proposal received by the City.
4. The proposal includes all of the commentary, figures and data required by the Request for Proposals, dated October 29, 2013.
5. This proposer has carefully read and fully understands all of the items contained in the General Requirements. The proposer agrees to all of the General Requirements except for those listed on an attachment.
6. The proposal by this proposer is an irrevocable offer and shall be valid for 120 days from December 23, 2013.

Name of Firm: \_\_\_\_\_

By: \_\_\_\_\_

(Authorized Signature)

Type Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Telephone Number: \_\_\_\_\_

Fax Number: \_\_\_\_\_

Email: \_\_\_\_\_

Date: \_\_\_\_\_

Appendix B  
Summary Sheet

Firm Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Number of years in existence: \_\_\_\_\_

Management person responsible for direct contact with the City and services required for this Request for Proposal (RFP):

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Person responsible for day-to-day servicing of the project:

Name: \_\_\_\_\_ Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Attach brief biographies/resumes, including experience with local governments, for all responsible person(s) assigned to the RFP and to the City of West Hollywood.

Appendix C

City's Existing Finance Policies & Procedures

# **Credit Card and Expense Reimbursement Policies**

**May 2012**



# City of West Hollywood

## Finance Policies

### CREDIT CARD PURCHASING POLICY

#### I. Purpose

Administrative convenience and efficiency requires that the City have available one or more credit cards to facilitate the acquisition of goods and/or services for on-going operations and/or emergencies that cannot feasibly be acquired through the use of purchase orders or checks. City credit cards can only be used in accordance with this Credit Card Purchasing Policy.

#### II. Definitions

Unless the contrary is stated or clearly appears from the context, the following definitions govern the construction of the words and phrases used in this Credit Card Purchasing Policy.

- A. "Employee" means all City employees, and excludes the City Council and appointed members of subordinate commissions, boards and committees.
- B. "Public Official" means members of the City Council and members of boards, commissions, and committees appointed by the City Council. The term "Public Official" does not include City employees.
- C. "Emergency Situations" means natural disasters, terrorist attacks, catastrophic loss of technological, utility or other infrastructure and similar events.

#### III. Issuance of City Credit Card

The City may apply for a credit card account to be issued in the name of the City of West Hollywood and one or more employees designated by the City Manager.

The City's credit card is managed by the Finance Department. The Director of Finance & Technology Services, or his/her designee, is the authorized administrator of the credit card program with the bank. Accounting management and staff is responsible for the issuance, activation, cancellation and payment of the credit cards. Additionally, Finance management and staff reviews the documentation for completeness according to this Credit Card Purchasing Policy with final approval by the Director of Finance and Technology Services. The City credit card is held in the Finance Department for check out by city employees.



# City of West Hollywood

## Finance Policies

No City credit card will be issued to an Employee or Public Official to be retained on an ongoing basis in their physical possession.

### IV. Authorized Users

The City credit card may be checked out by a City employee for an authorized transaction. In order to use the card, an employee must submit a completed Credit Card Authorization Form executed by the employee's Division Manager or Department Director. The Form will include the following information:

- Why it is necessary to utilize a credit card for the acquisition rather than a purchase order or check;
- A detailed explanation of the specific governmental purpose of the expenditure;
- An explanation as to how the expenditure complies with the applicable City reimbursement policy;
- The time period that the card will be checked out;
- Name of vendor;
- Account number against which the charge is to be made;
- Anticipated dollar amount of the expenditure;
- Expenditure type; and
- For catering or restaurant expenditures, include a list of attendees, identifying their affiliation and title, if any.

Receipt and use of the credit card is considered acceptance of accountability for responsible use of the card in accordance with this Credit Card Purchasing Policy. Cardholders must provide receipts of all transactions and take necessary measures to prevent unauthorized charges against and loss of the card.

### V. Authorized Transactions

Authorized credit card purchases are limited to:

1. Travel expenses as identified by the applicable Expense Reimbursement Policy.
2. Restaurant meals as authorized by the applicable Expense

# City of West Hollywood

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Reimbursement Policy.

3. Miscellaneous retail purchases.
4. Emergency purchases necessary for the continuing functioning of the City government or response to the emergency situations.

The City credit card shall not be used for:

1. Cash advances.
2. Personal transactions unrelated to official city business.
3. Transactions beyond established credit limits.
4. Purchase of Computer Software or Hardware without the prior written approval of the Information Technology Manager and Director of Finance and Technology Services.
5. Purchases that can be paid by a check request and where the vendor has a history of being paid by check request.
6. Purchases that can be initiated with a Purchase Order.
7. Purchases that circumvent finance policies or restrictions or exceed budget limits for the category of expense.
8. Purchases with established accounts payable accounts (e.g., Koontz, Basix).

### VI. Reporting Requirements

Upon return of the credit card to the Finance Department the Credit Card Authorization Form shall be verified in order to comport with the transaction and receipts for all transactions shall be provided. If for some reason the cardholder or user does not have the proper documentation for a transaction, an explanation in the form of a memo that includes a description of the item, business purpose,

# City of West Hollywood

## Finance Policies

attendees (identifying their affiliation and title, if any), date of purchase, merchant's name and the reason why the documentation is missing shall be provided. If the user loses the credit card or if it is stolen, the user shall immediately report the occurrence to the Director of Finance and Technology Services so that the card may be cancelled.

### VII. Payment Procedures

The Finance Department will manage the City's relationship with the credit card issuer, including handling all disputed transactions directly with the bank.

Finance staff will process payment after reviewing the monthly credit card statement, receipts, and documentation submitted by the card user. If the documentation is incomplete, the credit card user will receive a request for additional information.

When all required information has been gathered and reconciled, the appropriate account numbers will be assigned to each transaction based on the expenditure type assigned by the card user. The completed check request will be submitted for review and approval by the Director of Finance and Technology Services before a payment is made to the card-issuing bank.

# City of West Hollywood

## Finance Policies

### EMPLOYEE EXPENSE REIMBURSEMENT POLICY

#### I. Purpose

This Employee Expense Reimbursement Policy is adopted for the purpose of establishing regulations for reimbursing Employees (as defined below) for various City-related expenses including, without limitation, travel, meals, and mileage.

#### II. Applicability

This Employee Expense Reimbursement Policy applies to all reimbursements for authorized expenses associated with city business including, without limitation, travel, meals and mileage.

#### III. Definitions

Unless the contrary is stated or clearly appears from the context, the following definitions govern the construction of the words and phrases used in this Employee Expense Reimbursement Policy.

- A. "Employee" means all City employees and excludes the City Council and members of subordinate commissions, boards and committees appointed by the City Council.
- B. "Reimbursement" means all forms of payment for expenses incurred by Employees in the course of their official duties whether paid directly by the City (including, without limitation, with a City-issued credit card) or advanced by Employees with personal funds and later reimbursed from City funds.

#### IV. City Business – Authorized Activities.

- A. Expenses incurred while engaging in the following City business activities are generally authorized expenses if all requirements of this Employee Expense Reimbursement Policy are fulfilled:
  - 1. Communicating with representatives of regional, state and national government on City adopted policy positions;

# City of West Hollywood

## Finance Policies

2. Attending educational seminars or conferences designed to improve the Employees' skill and information levels;
3. Participating in regional, state and national organizations whose activities affect the City's interests;
4. Representing the City at a meeting, ceremonial event or legal proceeding; and
5. Attending meetings with constituents, neighborhood groups, business organizations and others regarding matters of City business.

B. Expenditures incurred in connection with activities or events not listed in this Employee Expense Reimbursement Policy above require prior approval by the City Manager. In addition, the following require City Manager preauthorization:

1. Out-of-state or international travel; and
2. Expenses foreseeably exceeding \$5,000 per trip.

C. Employees may, if they choose, use personal funds to pay for expenses that exceed reimbursable rates.

### V. Unauthorized Expenses.

The City will not reimburse Employees for expenses incurred outside the scope of their duties including, for example and not limitation, the following:

- A. The personal portion of any trip. For example, if an Employee elects to travel to an event in advance or stay longer on personal business, the City need only reimburse for roundtrip travel costs and costs incurred during the event's duration;
- B. Political or charitable contributions or events;
- C. Family expenses, including spouse or partner's expenses when accompanying an Employee on City-related business, as well as children- or pet-related expenses;

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## Finance Policies

- D. Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
- E. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;
- F. Personal losses incurred while on City business; and
- G. Expenses for which the Employee receives reimbursement from another agency.

The City will not reimburse Employees for expenses that exceed budget limits for the category of expense.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Manager before the expense is incurred.

### VI. Transportation.

- A. *Generally.* Employees must use the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements, using the most direct and time-efficient route. Government and group rates must be used when available and if they are the lowest rates offered.
- B. *Airfare.* Lowest available airfares shall be documented with evidence of fares being offered on the Internet by fare bundlers.
- C. *Automobile.*
  - 1. Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (see [www.irs.gov](http://www.irs.gov)). For 2012, the rate is 55.5 cents per mile. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable.
  - 2. Only Employee automobile travel for City business outside of West Hollywood is authorized for reimbursement.
  - 3. An Employee may leave from his/her home for City

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business. However, the City will not reimburse for mileage that exceeds mileage from City Hall to the destination point.

- D. *Car Rental.* Rental rates that are equal or less than those available through the State of California's website ([www.catravelmart.com/default.htm](http://www.catravelmart.com/default.htm)) are considered the most economical and reasonable for purposes of reimbursement under this policy.
- E. *Taxis/Shuttles.* Taxis or shuttles fares may be reimbursed, including a 15 percent maximum gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency.
- F. *Parking.* Parking fees incurred at either a hotel or at a parking facility are reimbursable. However, unless the Employee can demonstrate that no other reasonable alternative existed, valet parking cost will not be reimbursed beyond that incurred for a normal self parking fee at the location. When airport parking is used for travel exceeding 24 hours, long-term rather than short-term parking must be used.
- G. *Baggage Fees.* Baggage handling fees of up to \$1 per bag and gratuities of up to a maximum 15 percent will be reimbursed. Baggage fees for one (1) bag each way will be reimbursed with accompanying airline receipts.
- H. *Internet.* Internet usage associated with City-related business will be reimbursed up to \$15 per day.

### VII. Lodging.

- A. Lodging expenses will be reimbursed only at the single occupancy rate for rooms.
- B. Lodging expenses will be reimbursed when travel on official City business reasonably requires an overnight stay.
- C. *Conferences/Meetings.* If lodging is associated with a conference,

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## Finance Policies

lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question.

- D. Other Lodging. Travelers must request government rates, when available. A listing of hotels offering government rates in different areas is available at [www.catravelmart.com/lodguideframes.htm](http://www.catravelmart.com/lodguideframes.htm). Lodging rates that are equal or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy. In the event that government rates are not available at a given time or in a given area, lodging rates that do not exceed the IRS per diem rates for a given area are presumed reasonable and hence reimbursable.

### VIII. Meals

- A. For any overnight trip, an Employee may receive a per diem or be reimbursed for actual expenses for meals for each day or fraction thereof they are traveling. If the Employee receives per diem, it will be based on the limit for City or County to which he/she is traveling as established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). The following are two examples of meals and incidental expenses, inclusive of tax and tip, for 2012:

#### Sacramento

Meals & Incidental Expenses Total:	\$61 Per Day
Breakfast:	\$10 Per Day
Lunch:	\$15 Per Day
Dinner:	\$31 Per Day
Incidental Expenses:	\$ 5 Per Day

First & Last Day of Travel is calculated at 75%: \$45.75 Per Day

#### Washington DC

Meals & Incidental Expenses Total:	\$71 Per Day
Breakfast:	\$12 Per Day
Lunch:	\$18 Per Day
Dinner:	\$36 Per Day
Incidental Expenses:	\$ 5 Per Day

First & Last Day of Travel is calculated at 75%: \$53.25 Per Day

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1. Per Diem rates will be reduced for meals included in conference or seminar registration or program fees.
2. The time calculations for per diem starts on the day the Employee begins travel. For each 24-hour period thereafter, the Employee can claim the full per diem amount except for the first and last day of travel, which are calculated at 75% of the full per diem amount.
3. Receipts are not required to claim per diem. However, a Travel Expense Report form indicating time, place, and business purpose must be completed upon return.
4. Any reimbursement claim for expenses that exceed the per diem rate may constitute additional income for tax purposes.

B. Meals authorized by this policy consumed by an Employee not associated with an overnight trip are reimbursed in the following amounts, inclusive of tax and tip for 2012:

Breakfast:	\$12
Lunch:	\$18
Dinner:	\$36

- C. Alcohol/personal bar expenses are not reimbursable.
- D. Gratuities or tips associated with meals at a restaurant or provided by the City should not exceed 18%.
- E. Meals for Third Parties: This policy recognizes that City business is sometimes conducted over meals and that sharing a meal is frequently the best opportunity for extensive, focused and uninterrupted communication. Employees will be reimbursed for purchase of meals for third parties, such as constituents, legislators and private business owners with approval of the City Manager or his designee. Permission for such an expenditure shall be sought and obtained in advance. The Employee shall provide a detailed explanation of the specific governmental purpose of the expenditure, the reason why the expenditure directly advanced that purpose, the

# City of West Hollywood

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identity of the attendees (and their affiliation and title, if any), the anticipated cost, and verification that the expenditure does not exceed the budget limit for this category of expense.

- F. Administrative Meetings: Reimbursement for the cost of lunch or light refreshments served during an administrative meeting if the meeting is directly related to City business will be reimbursed to the Employee if the City credit card is not available for the purchase. A City purchased lunch with a qualified vendor can be provided if the meal is an integral and scheduled part of the meeting. A Meeting Expense form, with a list of attendees, must be completed and approved for payment.
- G. Restaurant meals exclusively among any combination of City employees and City elected or appointed officials must receive advance approval from the City Manager. The City Manager's approval must be based on a specific finding that the meal is justified by business necessity, that there is no practical alternative to conducting the meeting without incurring the expense and that the expenditure does not exceed the budget limit for this category of expense.
- F. This policy does not apply to attendance at City sponsored events, training programs and other functions for which there is no charge for attendance or meals.

### **IX. Telephone/Fax/Cellular.**

Employees will be reimbursed for actual telephone and fax expenses incurred on City business. Telephone bills should identify which calls were made on City business. For cellular calls when the Employee has a particular number of minutes included in the Employee's plan, the Employee can identify the percentage of calls made on public business.

### **X. Cash Advance Policy.**

- A. From time to time, it may be necessary for an Employee to request a cash advance to cover anticipated expenses while traveling or

# City of West Hollywood

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doing business on the City's behalf. Such request for an advance should be submitted to the City Manager fourteen (14) days before the need for the advance with the following information:

1. The business purpose of the expenditure(s);
  2. The benefits of such expenditure to the residents of the City;
  3. The anticipated amount of the expenditure(s) (for example, hotel rates, meal costs, and transportation expenses); and
  4. The dates (time and place) of the expenditure(s).
- B. Any unused advance must be returned to the Finance Department within two business days of the Employee's return, along with an expense report and receipts documenting how the advance was used in compliance with this Employee Expense Reimbursement Policy.
- C. In the event the City Manager is uncertain as to whether an Employee's request complies with this Employee Expense Reimbursement Policy, the City Manager will place the item on an agenda for City Council approval.

### **XI. Expense Report Content And Submission Deadline.**

- A. All cash advance expenditures, credit card expenses and expense reimbursement requests must be submitted on an expense report form provided by the City's Finance Department Reimbursement using the petty cash process is prohibited for mileage, meals and light refreshments.
- B. Expense reports must document that the expense in question met the requirements of this Employee Expense Reimbursement Policy. For example, if a meeting is with a legislator, the Employee should explain whose meals were purchased, include name, title and organization, what issues were discussed and how those relate to the City's adopted legislative positions and priorities.
- C. Employees must submit their expense report within thirty (30) days after an expense is incurred, accompanied by receipts documenting each expense. Both an itemized restaurant receipt and credit card

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authorization receipt (or final itemized receipt if paid with cash) are required for reimbursement for any meals purchased.

- D. Inability to provide such documentation in a timely fashion may result in the expense being borne by the Employee.
- E. All expenses are subject to verification that they comply with this Employee Expense Reimbursement Policy.

### **XII. Compliance With Laws.**

Some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the California Public Records Act.

### **XIII. Violation Of This Employee Expense Reimbursement Policy.**

Use of public resources or falsifying expense reports in violation of this Employee Expense Reimbursement Policy may result in any or all of the following:

- A. Loss of reimbursement privileges;
- B. A demand for restitution to the City;
- C. The City's reporting the expenses as income to the Employee to state and federal tax authorities;
- D. Prosecution for misuse of public resources;
- E. Disciplinary action up to and including termination.

# City of West Hollywood

## Finance Policies

### PUBLIC OFFICIAL EXPENSE REIMBURSEMENT POLICY

#### XIV. Purpose

This Public Official Expense Reimbursement Policy is adopted for the purpose of establishing regulations for reimbursing Public Officials (as defined below) for various City related expenses including, without limitation, travel, meals, and mileage. Among other things, this Public Official Expense Reimbursement Policy is intended to implement Government Code §§ 53232.2 and 53232.3.

#### XV. Applicability

This Public Official Expense Reimbursement Policy applies to all reimbursement for authorized expenses associated with city business including, without limitation, travel, meals and mileage.

#### XVI. Definitions

Unless the contrary is stated or clearly appears from the context, the following definitions govern the construction of the words and phrases used in this Public Official Expense Reimbursement Policy. Words and phrases not given a meaning by this Public Official Expense Reimbursement Policy have the meaning set forth in Government Code §§ 53232.2 and 53232.3.

- A. “Actual and necessary” means expenses that incurred due to practical necessity, not mere convenience, based on prevailing business practices and consistent with this Public Official Expense Reimbursement Policy.
- B. “Public Official” means members of the City Council and members of boards, commissions, and committees appointed by the City Council; provided, however, that appointed officials are not entitled to reimbursement for any expenses unless approved in advance by the City Manager. The term “Public Official” does not include City employees.
- C. “Reimbursement” means all forms of payment for expenses incurred by Public Officials and Employees in the course of their official duties whether paid directly by the City (including, without limitation, with a City-issued credit card) or advanced by Public Officials with personal funds and later reimbursed from City funds.



# City of West Hollywood

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### **XVII. City Business – Authorized Activities.**

- A. Actual and necessary expenses incurred while engaging in the following City business activities are generally authorized expenses if all requirements of this Public Official Expense Reimbursement Policy are fulfilled:
  - 1. Communicating with representatives of regional, state and national government on City adopted policy positions;
  - 2. Attending educational seminars or conferences designed to improve Employees' skill and information levels;
  - 3. Participating in regional, state and national organizations whose activities affect the City's interests;
  - 4. Representing the City at a meeting, ceremonial event or legal proceeding; and;
  - 5. Attending meetings with constituents, neighborhood groups, business organizations and others regarding matters of City business.
  
- B. Expenditures incurred in connection with activities or events not listed in this Public Official Expense Reimbursement Policy above require prior approval by the City Council. In addition, the following require City Council preauthorization:
  - 1. Out-of-state and international travel for Public Officials; and
  - 2. Expenses foreseeably exceeding \$ 5,000 per trip.
  
- C. Public Officials may, if they choose, use personal funds to pay for expenses that exceed reimbursable rates.

### **XVIII. Unauthorized Expenses.**

The City will not reimburse Public Officials for expenses incurred outside the scope of their duties including, for example and not limitation, the following:

- A. The personal portion of any trip. For example, if a Public Official

# City of West Hollywood

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elects to travel to an event in advance or stay longer on personal business, the City need only reimburse for roundtrip travel costs and costs incurred during the event's duration;

- B. Political or charitable contributions or events;
- C. Family expenses, including spouse or partner's expenses when accompanying a Public Official on City-related business, as well as children- or pet-related expenses;
- D. Entertainment expenses, including theater, movies (either in-room or at the theater), sporting events (including gym, massage and/or golf related expenses), or other cultural events;
- E. Non-mileage personal automobile expenses, including repairs, traffic citations, insurance or gasoline;
- F. Personal losses incurred while on City business;
- G. Expenses for which the Public Official receives reimbursement from another agency;
- H. Alcohol/personal bar expenses; and

The City will not reimburse Public Officials for expenses that exceed budget limits for the category of expense.

Any questions regarding the propriety of a particular type of expense should be resolved by the City Council before the expense is incurred.

### **XIX. Transportation.**

- A. *Generally.* Public Officials must use the most economical mode and class of transportation reasonably consistent with scheduling needs and cargo space requirements, using the most direct and time-efficient route. Government and group rates must be used when available and if they are the lowest rates offered.
- B. *Airfare.* Lowest available airfares shall be documented with evidence of fares being offered on the Internet by fare bundlers
- C. *Automobile.*

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1. Automobile mileage is reimbursed at Internal Revenue Service rates presently in effect (see [www.irs.gov](http://www.irs.gov)). For 2012, the rate is 55.5 cents per mile. These rates are designed to compensate the driver for gasoline, insurance, maintenance, and other expenses associated with operating the vehicle. This amount does not include bridge and road tolls, which are also reimbursable.
2. Only a Public Official's travel for City business outside of West Hollywood is authorized for reimbursement.
3. A Public Official may leave from his/her home for City business. However, the City will not reimburse for mileage that exceeds mileage from City Hall to the destination point.

- D. *Car Rental.* Rental rates that are equal or less than those available through the State of California's website ([www.catravelmart.com/default.htm](http://www.catravelmart.com/default.htm)) are considered the most economical and reasonable for purposes of reimbursement under this policy.
- E. *Taxis/Shuttles.* Taxis or shuttles fares may be reimbursed, including a 15 percent maximum gratuity per fare, when the cost of such fares is equal or less than the cost of car rentals, gasoline and parking combined, or when such transportation is necessary for time-efficiency.
- F. *Parking.* Parking fees incurred at either a hotel or at a parking facility are reimbursable. However, unless the Public Official can demonstrate that no other reasonable alternative existed, valet parking cost will not be reimbursed beyond that incurred for a normal self parking fee at the location. When airport parking is used for travel exceeding 24 hours, long-term rather than short-term parking must be used.
- G. *Baggage Fees.* Baggage handling fees of up to \$1 per bag and gratuities of up to a maximum 15 percent will be reimbursed. Baggage fees for one (1) bag each way, will be reimbursed with accompanying airline receipts.
- H. *Internet.* Internet usage associated with City-related business will be reimbursed up to \$15 per day.

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## Finance Policies



### XX. Lodging.

- A. Lodging expenses will be reimbursed only at the single occupancy rate for rooms.
- B. Lodging expenses will be reimbursed for when travel on official City business reasonably requires an overnight stay.
- C. Conferences/Meetings. If lodging is associated with a conference, lodging expenses must not exceed the group rate published by the conference sponsor for the meeting in question.
- D. Other Lodging. Travelers must request government rates, when available. A listing of hotels offering government rates in different areas is available at [www.catravelsmart.com/lodguideframes.htm](http://www.catravelsmart.com/lodguideframes.htm). Lodging rates that are equal or less than government rates are presumed to be reasonable and hence reimbursable for purposes of this policy. In the event that government rates are not available at a given time or in a given area, lodging rates that do not exceed the IRS per diem rates for a given area are presumed reasonable and hence reimbursable.

### XXI. Meals

- A. For any overnight trip, a Public Official may receive a per diem or be reimbursed for actual expenses for meals for each day or fraction thereof they are traveling. If the Employee receives per diem, it will be based on the limit for City or County to which he/she is traveling as established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). The following are two examples of meals and incidental expenses, inclusive of tax and tip, for 2012:

#### Sacramento

Meals & Incidental Expenses Total:	\$61 Per Day
Breakfast:	\$10 Per Day
Lunch:	\$15 Per Day
Dinner:	\$31 Per Day
Incidental Expenses:	\$ 5 Per Day

First & Last Day of Travel is calculated at 75%: \$45.75 Per Day

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Washington DC

Meals & Incidental Expenses Total: \$71 Per Day

Breakfast: \$12 Per Day

Lunch: \$18 Per Day

Dinner: \$36 Per Day

Incidental Expenses: \$ 5 Per Day

First & Last Day of Travel is calculated at 75%: \$53.25 Per Day

1. Per Diem rates will be reduced for meals included in conference or seminar registration or program fees.
2. The time calculations for per diem starts on the day the Public Official begins travel. For each 24-hour period thereafter, the Employee can claim the full per diem amount, except for the first and last day, which are calculated at 75% of the full per diem amount.
3. Receipts are not required to claim per diem. However, a Travel Expense Report form indicating time, place, and business purpose must be completed upon return.
4. Any reimbursement claim for expenses that exceed the per diem rate may constitute additional income for tax purposes.

B. Meals authorized by this policy consumed by a Public Official not associated with an overnight trip are reimbursed in the following amounts, inclusive of tax and tip for 2012:

Breakfast:	\$12
Lunch:	\$18
Dinner:	\$36

C. Alcohol/personal bar expenses are not reimbursable.

D. Gratuities or tips associated with meals at a restaurant or provided by the City should not exceed 18%.

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## Finance Policies

E. Meals for Third Parties: This policy recognizes that City business is sometimes conducted over meals and that sharing a meal is frequently the best opportunity for extensive, focused and uninterrupted communication. Public Officials will be reimbursed for purchase of meals for third parties, such as constituents, legislators and private business owners with approval of the City Manager. Permission for such an expenditure shall be sought and obtained in advance. The Public Official shall provide a detailed explanation of the specific governmental purpose of the expenditure, the reason why the expenditure directly advances that purpose, the identity of the attendees (and their affiliation and title, if any), the anticipated cost, and verification that the expenditure does not exceed the budget limit for this category of expense.

F. Restaurant meals exclusively among any combination of City employees and Public Officials and/or exclusively among Public Officials must receive advance approval from the City Manager. The City Manager's approval must be based on a specific finding that the meal is justified by business necessity, that there is no practical alternative to conducting the meeting without incurring the expense, and that the expenditure does not exceed the budget limit for this category of expense.

G. This policy does not apply to attendance at City sponsored events, training programs and other functions for which there is no charge for attendance.

### **XXII. Telephone/Fax/Cellular.**

Councilmembers will receive a flat allowance for telephone and fax expenses incurred in connection with the performance of City business in the amount of \$250 a month. Submission of bills is not required.

### **XXIII. Cash Advance Policy.**

A. From time to time, it may be necessary for a Public Official to request a cash advance to cover anticipated expenses while traveling or doing business on the City's behalf. Such request for an

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## Finance Policies

advance should be submitted to the City Manager five (5) days before the need for the advance with the following information:

1. The business purpose of the expenditure(s);
  2. The benefits of such expenditure to the residents of the City;
  3. The anticipated amount of the expenditure(s) (for example, hotel rates, meal costs, and transportation expenses); and
  4. The dates (time and place) of the expenditure(s).
- B. Any unused advance must be returned to the City's Finance Department within two business days of the Public Official return, along with an expense report and receipts documenting how the advance was used in compliance with this Public Official Expense Reimbursement Policy.
- C. In the event the City Manager is uncertain as to whether a Public Official's request complies with this policy, the City Manager will place the item on an agenda for City Council approval.

### **XXIV. Public Official Expense Report Content And Submission Deadline.**

- A. All cash advance expenditures, credit card expenses and expense reimbursement requests must be submitted on a Public Official Expense Report Form provided by the City's Finance Department. Approval by the City Manager is required for reimbursement. Reimbursement using the petty cash process is prohibited.
- B. Expense reports must document that the expense in question met the requirements of this policy. For example, if a meeting is with a legislator, the Public Official should explain whose meals were purchased, include name, title and organization, what issues were discussed and how those relate to the City's adopted legislative positions and priorities.
- C. Public Officials must submit their expense reports within thirty (30) days after an expense is incurred, accompanied by receipts documenting each expense to the Director of Finance &

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## Finance Policies

Technology Services or his designee. Both an itemized restaurant receipt and credit card authorization receipt (or final itemized receipt if paid with cash) are required for reimbursement for any meals purchased.

- D. Inability to provide such documentation in a timely fashion may result in the expense being borne by the Public Official.
- E. All expenses are subject to verification that they comply with this policy.

### **XXV. Reports to City Council.**

At the meeting of their respective legislative body following an activity, each Public Official must briefly report on meetings, events, and conferences attended at City expense. If multiple Public Officials attended, a joint report may be made.

### **XXVI. Compliance With Laws.**

Some expenditures may be subject to reporting under the Political Reform Act and other laws. All agency expenditures are public records subject to disclosure under the California Public Records Act.

### **XXVII. Violation Of This Public Official Expense Reimbursement Policy.**

Use of public resources or falsifying expense reports in violation of this Public Official Expense Reimbursement Policy may result in any or all of the following:

- A. Loss of reimbursement privileges;
- B. A demand for restitution to the City;
- C. The City's reporting the expenses as income to the Public Official to state and federal tax authorities;
- D. Civil penalties of up to \$1,000 per day and three times the value of

# City of West Hollywood

## Finance Policies

the resources used;

- E. Prosecution for misuse of public resources; and
- F. Censure.

# **Financial Policies and Procedures**

**August 2007**

*City of West Hollywood*

*Financial Policies and Procedures*

*Effective 8/16/2007 until superseded*

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## I. About Financial Policies and Procedures

### Organization of this Manual

The manual is presented in an outline format and highlights specific forms and reports used in processing transactions. A flowchart is included which highlights the main points to consider when preparing a form or initiating a transaction. Finally, a *question and answer* section further explains how to handle unusual or especially complicated situations.

### Mission Statement of the City of West Hollywood

Policies and procedures are followed so that we are accountable for our actions and responsibly achieve our goals. The City's Mission Statement explains our goals:

As a premier City, we are proactive in responding to the needs of our diverse community, creative in finding solutions to managing our urban environment, and dedicated to preserving and enhancing its well being. We strive for quality in all our actions, setting the highest goals and standards<sup>1</sup>.

The internal controls created by policies and procedures provide checks and balances that assist in conducting programs and providing services effectively, efficiently and with full accountability for resources.

### What is Internal Control?

Internal control is a *process* defined by specific tasks, methods or steps designed to achieve our goals and minimize surprises along the way. In 1983 the United States General Accounting Office (GAO) published the Standards for Internal Controls in Federal Government, which includes this definition of internal controls for governmental managers:

*The plan of organization, and the methods and procedures adopted by management to ensure that:*

- *Resources used are consistent with laws, regulations and policies<sup>2</sup>,*
- *Resources are safeguarded against waste, loss and misuse, and*
- *Reliable data are obtained, maintained and fairly disclosed in reports.*

The following list summarizes the principles of internal controls.

1. Reliable personnel with clear responsibilities

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<sup>1</sup> Vision 2020, Mission Statement, page 8.

<sup>2</sup> Grants frequently have very different requirements that must be coordinated with our policies. Please make sure that you are familiar with the policies of any grants you administer.

2. Separation of duties
3. Proper authorization
4. Adequate documentation
5. Proper procedures that specify the flow of documents and provide information and instruction to facilitate adequate record-keeping
6. Physical safeguards (e.g., such as the use of safes, locks, and restricted access.
7. Bonding, vacations and the rotation of duties
8. Independent checks.

Policies and procedures are, to a great extent, the formal communication tool for internal controls. A Policies and Procedures Manual communicates approval levels, authorizations, verifications, reconciliation methods, and procedures for reviewing operating performance. It explains how to protect assets and how to divide duties so that the internal controls cannot be circumvented.

### **How Internal Control Relates to Our Organization**

The basic standard that should always prevail is to exercise good judgment in the use and stewardship of the City's resources

#### **1. The Employee's Role**

Staff is responsible for implementing and adhering to the policies and procedures established by the City. By taking personal responsibility, we assure that our day to day operations run effectively and efficiently, that we achieve our performance and financial objectives, and that we safeguard resources.

As employees, defined policies and procedures help us to define our jobs, understand our responsibilities, and let us know what is expected of us.

To expedite the process of answering questions and solving problems for Staff, it is recommended that each Division appoint an Administrative Staff Assistant to act as the primary liaison to the Department of Finance.

#### **2. The Department of Finance's Role**

The Department of Finance is charged with establishing, communicating, and enforcing the policies and procedures necessary to implement an effective system of internal accounting controls. No internal control system can provide absolute assurance that waste, fraud and abuse are eliminated. The Department of Finance *assists* staff in complying with the processes by answering questions and resolving problems that may arise.

3. Management's Role

The internal control system is intertwined with our day to day operating activities. All management personnel throughout the organization are responsible for the compliance of their unit with these fiscal policies.

4. Grants

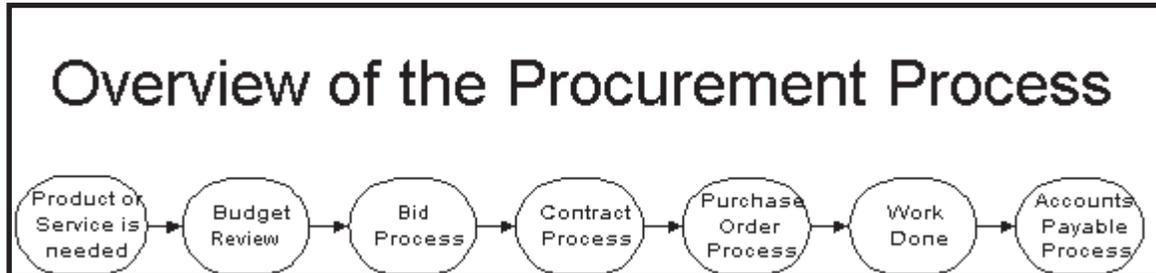
Grant requirements may supersede all the requirements and guidelines contained herein. Where grants set a stricter standard, the grant standards prevail. Where a grant has a more lenient standard, the City standards will prevail.

**Revisions and Updates to this Manual**

Revisions and updates to this manual are made as circumstances change or as more effective and efficient ways to accomplish tasks and achieve our objectives are discovered. Establishing and documenting policies and procedures is a dynamic process that requires ongoing communication. It is the Department of Finance's responsibility to communicate changes in policies and procedures to all personnel.

To that end, when there is a change in policy and procedure or when the need to clarify such policies and procedures becomes evident, the Department of Finance will communicate this information to all management personnel by memorandum. Periodically the Department of Finance will incorporate those changes and clarifications into this manual.

## II. The Procurement Process



### Authority for Establishing Policies and Procedures

The West Hollywood [Municipal Code](#) Chapter 3.08 sets forth in both general and specific terms the policies and procedures of the City regarding purchasing. Those policies and procedures are incorporated into this section by reference and provide the authority and basis on which it has been prepared.

The West Hollywood [Municipal Code](#) Chapter 3.12 sets forth in both general and specific terms the policies and procedures for the payment of claims and demands. Those policies and procedures are incorporated into this section by reference and provide the authority and basis on which it has been prepared.

### An Overview of the Procurement Process

The purchasing process is decentralized which means the vendor relationships are managed by Staff instead of Finance. In other words, a Division Manager requesting merchandise or service ("Requestor"), reviews their budget and workplan for feasibility, seeks out potential vendors, obtains bids, and, as needed, prepares contracts, obtains Purchase Orders, oversees the work and prepares check requests.

The Accounts Payable Check Request process is the standard form of payment. When the City Council authorizes the payment, the check is funded and mailed to the vendor.

### Definition and Terms

**An Encumbrance.** An encumbrance is an outstanding Purchase Order for goods or services; a portion of the budget appropriation is reserved in the amount of the Purchase Order. Encumbrances help to ensure administrative and budgetary compliance.

**Encumbering:** When the Purchase Order is printed, the funds are encumbered. Note that the Department of Finance issues the Purchase Order under certain circumstances even if there are not sufficient budgeted funds available. See "Internal Review" on page 26 under "Request for Purchase Order" for the conditions under which this will occur.

**Liquidation:** Note that if the invoice presented for payment is equal to the amount of the Purchase Order, the encumbrance will automatically be liquidated upon payment of the invoice. However, if the invoice is less than the Purchase Order, it is the Requestor's responsibility to instruct Accounts Payable using the "P/F (partial/final payment)" field on the "*Check Request*" form to liquidate the encumbrance when final payment has been made.

**Fiscal Year:** A twelve month period to which an annual operating budget applies. The West Hollywood fiscal year is from July 1 through June 30. Fiscal Year 2008 would be the period from July 1, 2007 to June 30, 2008.

1. Year End Process For Encumbrances/Purchase Orders

Because of the large volume of requests presented at year-end, Finance will establish a cutoff date for Requests for Purchase Orders each year, near the middle of June. At year-end, all accounts must have an available balance greater than or equal to the amount of the Purchase Order requested. If needed, please process a "*Request for Budget Appropriation Revision*" form (See Budget Transfers on page 7) prior to submitting the "*Request for Purchase Order*" form.

2. Rolling over Purchase Orders

Capital Improvement Project Purchase Orders may be carried forward to the future fiscal years until they are fully liquidated.

However, the unliquidated balance of operating expenditures Purchase Orders only can be rolled forward one fiscal year. For example, Fiscal Year 2006-2007 Purchase Orders are:

- carried over to Fiscal Year 2007-2008
- and then liquidated on June 30, 2008 and **not** carried over to the next fiscal year 2008-2009.

### **III. Budget Process**

#### **Overview of the Budget**

The Budget is a financial plan for the operation of the City and includes an estimate of proposed expenditures for a given period and the proposed means of financing those expenditures. The City has adopted an operating financial plan for two years and a five year capital projects work plan, with actual appropriations made annually. The Budget for the City of West Hollywood is designed to serve four major purposes:

- To be in compliance with legal requirements for contract law cities in the State of California;
- To use as an operations guide for administrative staff in the management and control of fiscal resources;
- To present the City's financial plan for the ensuing fiscal year, itemizing projected revenues and estimated expenditures;
- To communicate the operations and costs of City services.

The budget preparation process usually begins in January by involving the West Hollywood Community in a needs assessment. Council then articulates key policy issues that provides direction to staff in development of the Budget. Department Directors and Division Managers develop budgets that meet workplan and program objectives. Division budget requests are divided between Base costs, which fund existing levels of service (adjusted for inflation) and Add packages that request resources to undertake new projects. New funding sources must be identified for each Add budget. Council then reviews the preliminary budget and their changes are incorporated into the final approved Budget document. The Approved Budget was posted to new fiscal year.

Throughout the year, on-line on-demand Status Reports are available to staff that provide information about their actual expenditure amounts (monthly and year-to-date), along with their approved Budget. These reports also show the total amount of encumbered funds and calculate the remaining unobligated budget. The City's accounting software also allows staff to view and print detailed budget and expenditure reports whenever necessary. Making financial information readily available when combined with the City's fiscal policies and internal controls, enables Departments and Divisions to be accountable for budget compliance throughout the year.

The Budget is reviewed in January of each year and a formal update presented to Council in February. The main considerations are the accuracy of the revenue and expenditure projections and review of the continued appropriateness of the work plans. Adjustments in any area can be brought to Council for consideration and adoption.

## Changes to the Budget

During the year, the Budget can be amended as necessary to meet the needs of the City. The City Council has the legal authority to amend the Budget at any time. The City Manager has the authority to make administrative adjustments to the Budget as long as those changes will have neither a significant policy impact nor affect budgeted year-end fund balances (Fund level of budget control).

Budget transfers are also made when:

- The amount of a Request for Purchase Order being prepared or the amount of an invoice presented for payment will cause the annual Budget to be exceeded and budgeted funds are available in other accounts within the Division or Department.
- The *Expenditure Status Report* received by each Manager shows a budget shortfall. Each Manager is responsible for reviewing the report for accuracy and taking corrective action as necessary. Budget shortages in individual categories within a fund and within a Division or Department can be covered by using the "*Request for Budget Appropriation Revision*" form to transfer from other categories.

So that Request for Purchase Orders and invoice payments can be processed without delay, Budget transfers can be made within the same fund and within the same Department subject to the approval requirements discussed below.

### Processing a Request for Budget Appropriation Revision (Budget Transfer Flowchart)

#### 1. Completion of Form and Approvals

The **Request for Budget Appropriation** form must include all the information requested including both account number and description.

- Approval requirements depend on what type of accounts are affected, who initiates the request, and the amount of the request
- *By* submitting a "*Request for Budget Appropriation*" form for grant or matching funds, the Department Director is verifying to the Finance Department that appropriate approvals have been received from the Funding Source.

For transfers between operating expense accounts within the same fund, the following approvals are required:

- Division Manager initiates a transfer within their Division and the Department Director must approve.
- Department Director initiates and approves a transfer between Divisions within his/her Department:

For transfers of capital projects between Departments, City Manager and Department Directors approvals are required.

City Council approval is required:

- for transfers between funds, or
- to appropriate funds from the unreserved fund balance.

The Finance Department reviews and approves all transfers after the above approvals are obtained.

## 2. Special Situations

There are special situations that always require consultation with the Finance Director **before** the request is initiated and approved as outlined above. These include:

- Transfers from allocated expense accounts
- Transfers from salaries and related benefit can only be done after analysis by Finance and are based on vacancies, current expenditures and staffing projections
- Transfers from program or program-specific funding sources: The Department Director initiating the request is responsible for assuring that all Council approved programs retain adequate funding to meet the stated goals, and should not authorize any transfers that jeopardizes the program.

## Questions and Answers

***If I have budgeted funds available in one account and not in another, why can't I just charge my purchase to the account where I have funds available rather than go through preparing a Request for Budget Appropriation?***

First, that would give a false perception to management and to the community about how we spend our money. Second, knowing how we spent our money in the past helps us plan for future spending as well as helping us to determine areas where we should reduce costs.

***Can I use a Request for Budget Appropriation to transfer funds from one account to another even if I am not ready to spend those funds just yet?***

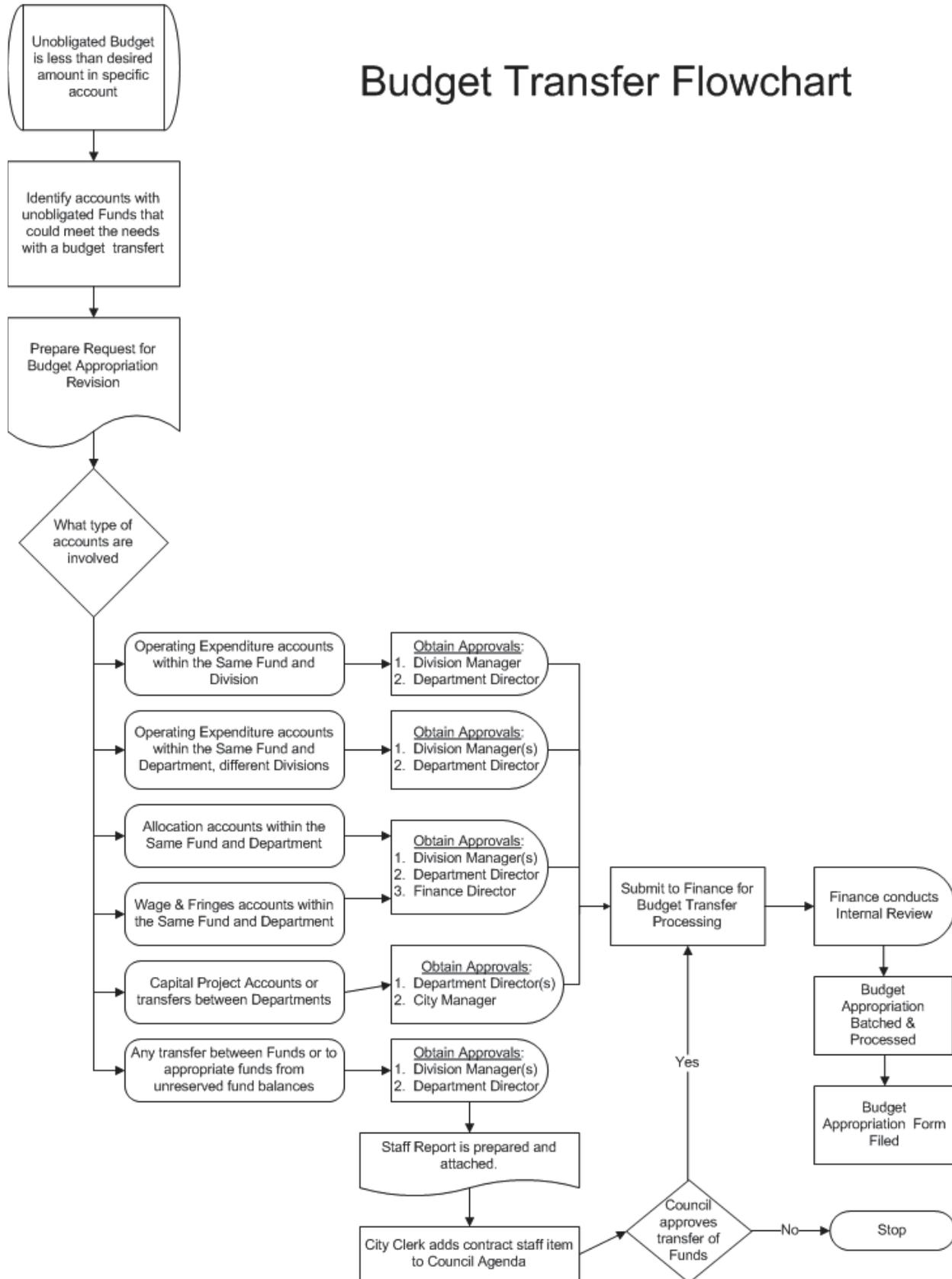
You can process a Request for Budget Appropriation at any time. If you are processing one with a Request for Purchase Order and know additional amounts will need to be transferred later on, go ahead and do the entire amount at once. This saves time and future headaches for both you and Finance.

***What if my Manager is not available to sign my Budget Appropriation form?***

Employees should not sign as an "Acting" Manager unless their Manager has given them written authorization and the proper paperwork has been sent to Human Resources. We recommended that the employee retain the Acting authorization documentation as proof of his or her authority to sign. If a Manager has not given formal Acting Authorization, the Department Director should sign for the absent Manager.

**Flow Charts**

# Budget Transfer Flowchart



## IV. Bid Process

### Soliciting and Identifying Potential Vendors

Section 3.08 of the City's municipal code requires that purchases of goods and services more than \$2,500 be made **on the open market** after solicitation of proposals from prospective sellers. For purchases of \$25,000 or more, consult the City Clerk regarding the formal bid process.

The Requestor is responsible for maintaining a list of potential vendors and soliciting bids. When soliciting bids, consider these things when seeking a "potential" vendor:

- Ability, capacity, and skill
- Ability to meet time requirements
- Character, integrity, and reputation
- Previous experience with the vendor and/or references
- Sufficiency of financial resources needed to perform. (Note security and bid bond requirements when formal bids are received.)
- Ability to meet insurance requirements
- Ability to provide future maintenance and service, if necessary.

### Bidding Requirements, Exceptions, and Procedures (Bid Process Flowchart)

1. Bid Requirements (to be documented on the bid sheet)

\$2,500 or less:	Three Bids. The bid documentation is maintained by the Division No Bid documentation is required in Finance.
\$2,501 through \$10,000:	Three (3) verbal or written quotations documented on the " <i>Request for Purchase Order</i> " form. A <b><u>Bid Specification</u></b> form can be used to ensure that each vendor receives consistent, complete and accurate information.
\$10,001 through \$25,000:	Three (3) written quotations from vendors attached and documented on the " <i>Request for Purchase Order</i> " form. A <b><u>Bid Specification</u></b> form can be used to ensure that each vendor receives consistent, complete and accurate information when preparing their bid.
More than \$25,000:	Formal bid process (see section below).

To be considered a bid, the vendor must be a firm that you are willing to use and must be able to supply the item or service and give a price for it. **Vendors who decline to bid must not be listed as a bidder.**

## 2. Bid Exceptions

The Requestor does *not* need to obtain more than one bid if *one* of the following conditions is met:

- The City Manager determines that *critical circumstances* require the immediate purchase of the merchandise or service.
- The merchandise or service is *unique* because of its quality, durability, availability or fitness for a particular use.
- The merchandise or service is available from only *one source*.
- The merchandise or service is provided by an *independent contractor* who has a contract with the City to provide labor and materials for other than a Public Works project, i.e., a office supply contract that is in place for one year and purchases of supplies are made periodically based on the contract.

***Professional Services:*** *Professional services* are those activities performed by a consultant who possesses a high degree of expertise in a particular profession, such as an Attorney, Certified Public Accountant, Engineer and Architect. There is no bidding requirement for this type of service, since the agent is being hired based on their qualifications, not lowest bid<sup>3</sup>.

If a bid exception is applicable, state the type of bid exception being requested on the Purchase Order.

## 3. Procedures for Documenting Bids

- Verbal quotations, usually obtained by telephone call, are to be *described* on the Request for Purchase Order. It is important that the specifications are current/updated, accurate and comprehensive. Thus it may be beneficial to transmit the specifications by fax, e-mail, or mail even when the quotation is received verbally.

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<sup>3</sup> Any professional service agreement submitted to the Council for approval must provide sufficient background analysis to support the recommendation. Each agreement needs to be properly executed and held on file with the City Clerk and the required insurance certificates must be on file

- Written quotations, usually obtained from an Internet website (e.g., shopper.com), or by fax, e-mail or mail, are *attached* to the "Request for Purchase Order" form. Again, it is important that the specifications are current/updated, accurate and comprehensive.
- The Formal Bid Process is discussed in section 5 below.

4. Selecting a Vendor and Review of Bids

The City's policy is to obtain goods and services of the *highest quality for the lowest cost*. Therefore, the Requestor must select the highest quality for the lowest bid received. A local preference for local vendors is used when bids are evaluated (see below.)

**Local Preference:** The West Hollywood [Municipal Code](#) section 3.08.11 specifically provides for a 4% preference to local bidders and vendors (i.e., a business, firm, or enterprise with fixed offices or locally taxable distribution points within the city, that holds a valid business license, issued by the city, and bears a street address within the city.) This is accomplished by reducing their bids by 4% (but not more than \$5,000) when comparing such bids to those of other bidders.

5. The Formal Bid Process

**a) Responsibilities**

The City Clerk and the Division Manager who wishes to purchase merchandise or services ("Requestor") share the responsibilities for completion of the formal bid process. Finance recommends that the Requestor discuss the specifics of each formal bid with the City Clerk prior to taking any action. The City Clerk maintains formal bid procedures.

The following information is provided for informational purposes only and is subject to change.

*Requestor:*

- Prepares a notice inviting sealed bids. (See requirements below.)
- Prepares a bid form including detailed specifications for the item to be purchased.
- If the item is a service, prepares the Request for Proposal. (See suggested format below.)
- Sends the notice to potential vendors.
- Sends the notice to the City Clerk for publication and, when feasible, for posting on the City's website
- Sends the notice to "F.W. Dodge Construction News" and "Daily Construction" if the bid request is a public works project.
- Reviews qualifications and references of the low bidder(s). Consider:
  - ◆ Ability, capacity, and skill.
  - ◆ Ability to meet time requirements.
  - ◆ Character, integrity, and reputation.
  - ◆ Previous experience with the vendor.
  - ◆ Sufficiency of financial resources needed to perform. (Note security and bid bond requirements.)
  - ◆ Ability to meet insurance requirements
  - ◆ Ability to provide future maintenance and service, if necessary.
- Negotiates contract with vendor selected.
- Prepares the Staff Report (see requirements below) for presentation to City Council.
- If approved by City Council, obtains certificates of insurance and performance bonds from the vendor.
- Sends these (e.g., certificates of insurance, performance bonds) documents and two original contracts signed by the vendor, to the City Clerk.
- After the City Clerk has completed execution of the contract, the requestor prepares and processes the Request for Purchase Order to record the encumbrance.
- Deals with the vendor on a day to day basis for completion of the contract and processing of payments

*City Clerk:*

- Publishes or posts the notice in three places at least ten (10) days before the scheduled bid opening date.
- Handles the bid opening.
- Notifies vendors whose bids were not accepted and returns bid bonds.
- Maintains copies of the losing bids in accordance with the City's Records Retention Schedule.
- After the Staff Report has been presented to the City Council and approved, the contract has been signed by the vendor and returned to the City, the City Manager or Mayor signs the contract with an attest by the City Clerk.
- Sends a copy of the executed contract to the Requestor, sends an original executed contract to the vendor, and retains one original executed contract in file.
- Monitors certificates of insurance and follows up on expirations.
- Monitors contract expirations and follows up with Requestor as appropriate.

**b) Notice Inviting Sealed Bids**

This should include the following:

- general description of the item to be purchased,
- statement indicating where bid forms and specifications can be obtained,
- statement specifying the time and place for the opening of the bids,
- statement describing the bid security bond requirements<sup>4</sup>; i.e., a bid bond equal to 10% of the amount of the bid,
- Statement-describing performance bond requirements<sup>5</sup> if the vendor is selected.

**c) Suggested Bid Format or Request or Proposal**

**I. BACKGROUND**

Provide as much detail as necessary to give the bidder an understanding of the environment in which the job will be performed and to which the job relates.

**II. SCOPE OF WORK**

Describe in detail the requirements for the job and detail specifications.

**III DESIRED PROJECT SCHEDULE**

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<sup>4</sup> Bid bond requirements should be discussed with the City Attorney

<sup>5</sup> Performance bond requirements should be discussed with the City Attorney

Be as specific as possible.

#### IV. MINIMUM AND DESIRABLE QUALIFICATIONS

Be as specific as possible. List or describe contract (e.g., Hold Harmless, Indemnification and, Living Wage provisions, etc.) and insurance requirements from the City's contract template

#### V. SUBMISSION OF BIDS (OR PROPOSALS)

Include date, time, and location. Include a detail list of the information the bid or proposal should contain. State that the bid will become part of the final contract.

#### VI. QUESTIONS

List the name, address and telephone number of the person to be contacted concerning question regarding the project.

#### d) Staff Report for Presentation to City Council

This is the format for the Staff Report:

##### STATEMENT ON THE SUBJECT

Statement regarding the need or benefit to be received, and any other pertinent background information.

##### RECOMMENDATION

1. Enter into a (***professional services, consulting, etc.***) agreement with (***name of vendor***) in the amount of (or in an amount not to exceed) (***a dollar amount***) for (***explain the project or service; i.e., CIP Project 95-06 or construction of parking structure, etc.***) with a term ending (***include a termination date if applicable***).
2. Authorize the City Manager to execute the agreement.
3. Authorize the Director of Finance to appropriate (***a dollar amount***) from unallocated reserves in a specified fund to account number (***enter an account number***)."

Or

Authorize the Director of Finance to appropriate a dollar amount from a specific account number in a specified fund to another specific account number to a specified fund.

***This part of recommendation is only necessary if there are any reallocation of funds from unobligated fund balances or between Departments, etc.***

BACKGROUND ANALYSIS

Include more detailed background information and explain in detail the scope of services of the proposed contract and identify other bids received.

FISCAL IMPACT

“Funds for the recommended action have been included in the ***(identify the Department or Division)*** for fiscal year ***(identify the year)***”

or

“Allocate funds in the amount of a dollar amount from unallocated reserves (or an account number if a interdepartmental transfer to account number ***(enter an account number)***.”

### Questions and Answers

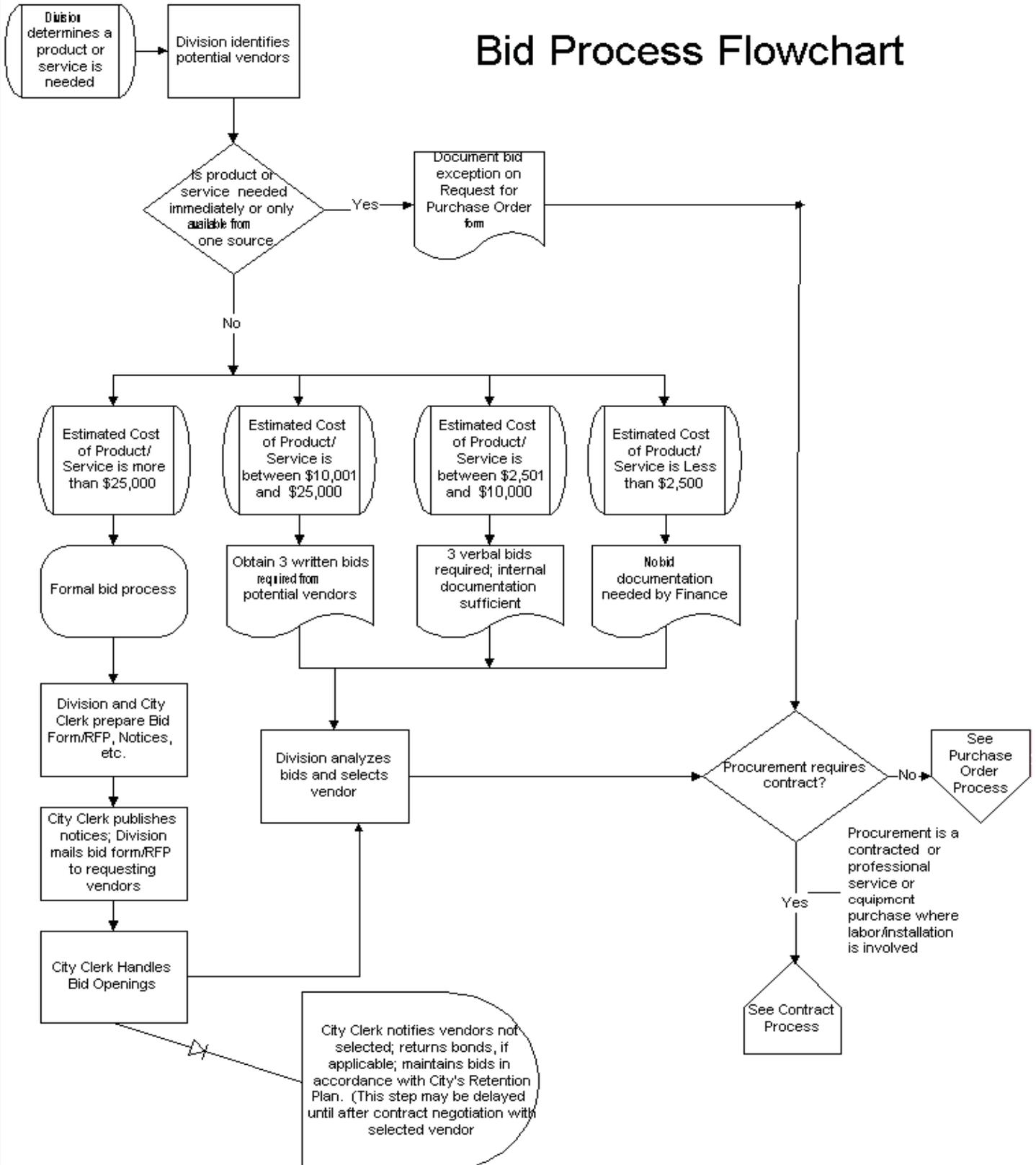
***What constitutes a bid? Sometimes it's difficult to find more than one or two vendors who supply an item or service. If I call a potential vendor and they can't provide the item, does that count as a bid?***

To be considered a bid, the vendor must be able to supply the item or service and give a price for it. The vendor must be a firm that you are willing to use. If an item or service is truly unique or only one vendor supplies it, then multiple bids are not required. This is a rare situation and should be thoroughly explained on the Request for Purchase Order. You cannot meet the bidding requirement by calling a vendor, getting a quote and then refusing it on the basis of prior bad work, no experience with the firm or other similar reasons. Finally, a "decline to bid" vendor is not a valid bid.

***Is it okay to get more than the required numbered of bids?***

If you believe that the bids you have received are out of line, it is certainly okay to get more. Remember that your time costs money, too, so only continue to seek more bids if you have good reason to think that you can get a significantly better price or service.

# Bid Process Flowchart



## V. Contract Process

### Overview of the Contract Process

The City Clerk oversees the contract process. More detailed information can be found in their [Contract Procedures](#) on the intranet.

The terms of the City's insurance policy obligates us to reduce the City's risk by requiring that contractors assume any risk of accident or loss by use of insurance and indemnification contract clauses. **Therefore, a contract and insurance is needed when a person or company is providing a product and/or service where the City, its employees, businesses and/or individuals could be harmed by the ongoing activity or where property could be damaged.** This includes such situations as the installation of goods; setup and takedown of catered meals, use of space, etc. Consultants, Artists & Performers, instructors, photographers and honorariums are among the services that require contracts. In addition, a contract is required for ALL purchases over \$25,000 according to section [3.08.060](#) a. of the West Hollywood Municipal Code.

A completed W-9 form from the vendor is needed prior to the setup of a vendor and the issuance of a Contract. The Substitute W-9 form can be found in Finance/Forms on the intranet. The completed form should be submitted to Accounts Payable.

The [Contract Template Handbook](#) is for the City of West Hollywood staff to use as a tool to get most of the needed contracts done more readily. In addition to the [basic contract](#), there are more than 30 specifically tailored contracts for specific types of work including Appraiser, Architect, Honorarium, Public Works, and Software Maintenance. The templates have been reviewed by the City Attorney and include insurance requirements approved by the City Council. The templates are suitable for 90% of the contracts.

In general, the steps to complete a contract are:

1. Select a template contract and fill in the appropriate information including the a) name of vendor, b) the scope of services, c) payment schedule and amount(s), and d) noticing paragraph.
2. Complete a Contract Authorization Form
3. If you have issues or changes to these templates, you must have the changes reviewed by a) your supervisor, b) City Clerk, c) Finance Department and/or d) City Attorney.
4. Any changes/removals must be approved BEFORE the contract is sent to the vendor and the City Clerk (who will then obtain the City Manager's signature.) Remember only the City Manager or Mayor can execute (sign) a contract for the City of West Hollywood.

5. Obtain a completed Substitute W-9 form if this contract is being issued to a new vendor.

It is a Requesting Division Manager's responsibility to ensure that an executed contract is on file and the insurance is in compliance for all contracted and professional services.

Finance is responsible for obtaining the following approvals on the "*Contract Authorization*" form:

- Insurance certificate approval, if the Request for Purchase Order is for contract or professional services.
- Changes to the contract templates
- Setting up new vendors

When the amount is more than \$25,000, a Staff Report must be prepared and the proposal presented to the City Council for approval

### **Contract Exceptions**

When there is no installation setup or teardown, the Requestor does *not* need to obtain a **City** contract for the following types of transactions:

- Caterers. The catering reservation/agreement must be signed by a **Director** or the City Manager and a copy of the catering agreement must be submitted to Accounts Payable, with the invoice requesting payment.
- Hotel/Room Rentals. The rental agreement must be signed by a **Director** or the City Manager and a copy of the rental agreement must be submitted to Accounts Payable, with the invoice requesting payment.
- Equipment Rentals. The rental agreement must be signed by a **Director** or the City Manager and a copy of the rental agreement must be submitted to Accounts Payable, with the invoice requesting payment.
- Transportation/Buses. Current Insurance must be in place and a copy of the liability insurance must be submitted to Accounts Payable, with the invoice requesting payment.
- Refunds. A copy of the original receipt must be attached to the check request.
- Software Maintenance.
- Newspaper/publication advertisements.
- Messengers.

- Emergency: When the City Manager or a Department Director determines that critical circumstances require the immediate purchase of the merchandise or service.

## Questions and Answers

### ***What do you mean by a “contract”? Do I have to have legal counsel create such a document if I need to make a large dollar purchase?***

The [Contract Template Handbook](#) is for the City of West Hollywood staff to use as a tool to get most of the needed contracts done more readily. In addition to the [basic contract](#), there are more than 30 specifically tailored contracts for specific types of work including Appraiser, Architect, Honorarium, Public Works, and Software Maintenance. The templates have been reviewed by the City Attorney and include insurance requirements approved by the City Council. The templates are suitable for 90% of the contracts.

### ***When is a contract required?***

A contract and insurance is needed when a person or company is providing a product and/or service where the City, its employees, businesses and/or individuals could be harmed by the ongoing activity or where property could be damaged. This includes such situations as the installation of goods; setup and takedown of catered meals, use of space, etc. Consultants, artists & performers, instructors, photographers and honorariums are among the services that require contracts.

A contract is required for ALL purchases over \$25,000 according to section [3.08.060](#) a. of the West Hollywood Municipal Code.

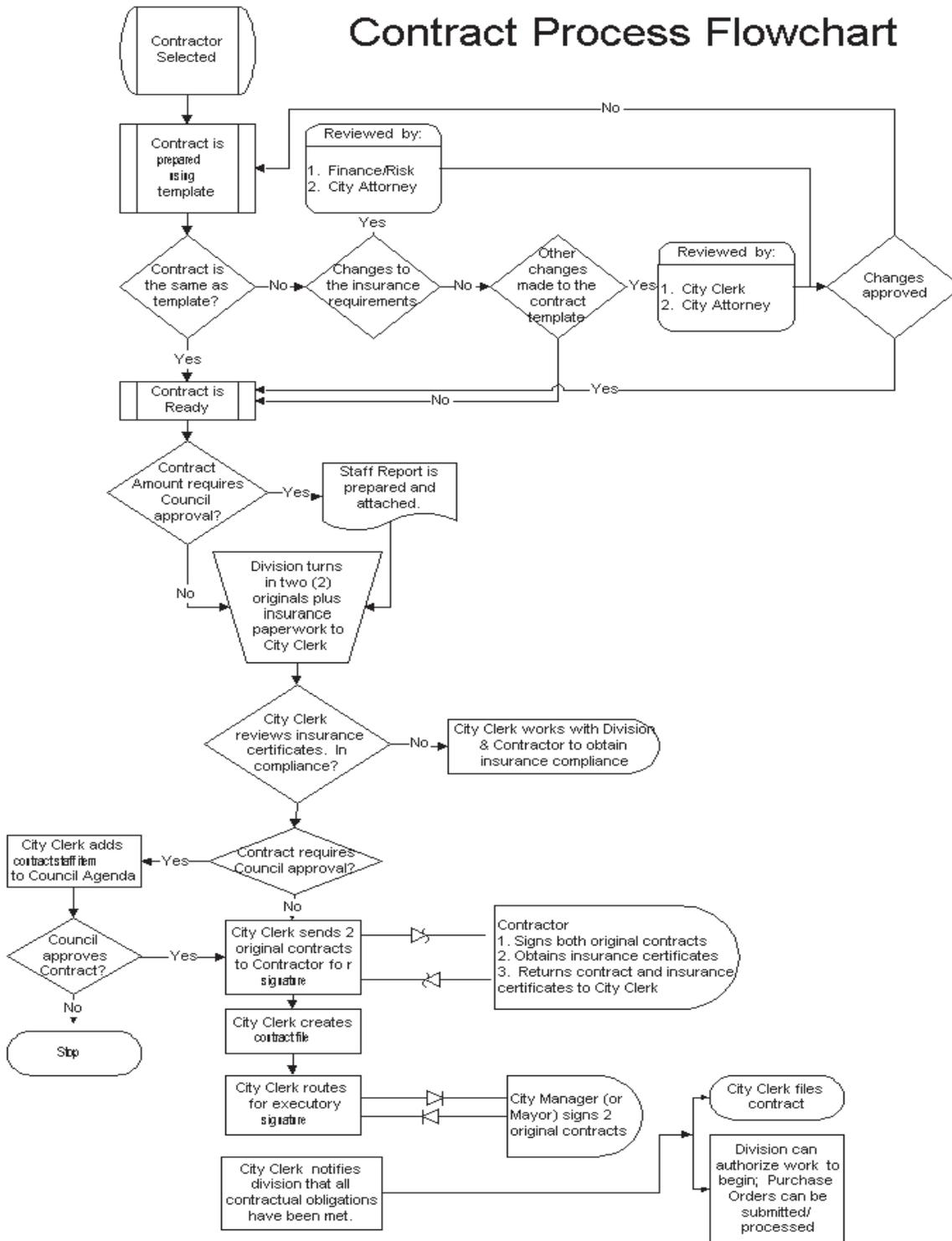
### ***What if the Vendor I want to contract with does not have adequate General Liability Insurance coverage?***

The City of West Hollywood has three vendor insurance programs available to vendors who wish to do business with the City, but do not have sufficient insurance to meet the City's contract requirements:

- **Vendor/Contractors General Liability Program**
- **Vendor/Contractors Professional Liability Program**
- **Special Events Coverage** (for training, workshops, and use of City property)

The City also has a vendor program for situations that may warrant employee bonding coverage for the vendor.

# Contract Process Flowchart



## VI. Purchase Order Process

### Purpose of "*Request for Purchase Order*" and Purchase Order

When the Purchase Order is printed, a portion of the budget appropriation is reserved or encumbered in the amount of the Purchase Order. When the invoice is paid, the encumbrance will automatically be reduced or liquidated and the actual expenses will be recorded.

The "**Request for Purchase Order**" is a report is designed to document:

- bid information,
- purchase approvals,
- budget compliance, and
- contract and insurance compliance (when applicable).

A completed W-9 form from the vendor is needed prior to the setup of a vendor and the issuance of a Purchase Order. The Substitute W-9 form can be found in Finance/Forms on the intranet. The completed form should be submitted to Accounts Payable.

A complete and accurate "*Request for Purchase Order*" report contains all the information necessary to allow a Purchase Order to be generated.

### When is a Purchase Order is Required

Purchased Orders are required for ALL services regardless of the amount. Purchase Orders are needed for the purchase of goods \$2,500 or more. There are some *exceptions* to this basic rule, each of which is discussed, in greater detail in the following sections.

#### 1. Approvals Required

The Requestor is responsible for obtaining the following approvals on the "*Request for Purchase Order*" report:

- Division Manager(s) approval(s)
- If the amount is more than \$5,000, Department Director(s) approval(s).
- If the amount is more than \$25,000, City Council approval is required

Note that grant expenditures may be subject to additional and stricter rules. The Requestor should review grant documents for such rules prior to preparing a "*Request for Purchase Order*" form

#### 2. Internal Review

##### ***Department Director and Division Manager Review***

Primary accountability rests with the operating Departments of the City. In accomplishing the programs and objectives for which the budget was authorized, Department Directors are responsible for ensuring compliance with fiscal policies and that their respective budgets stay within the prescribed funding levels.

The following tools can be used:

- Eden Expenditure Status *Reports* are available to each Director and Manager on-line and distributed monthly. They include a statement of total current budget, expenditures, encumbrances, and unobligated budget.
- Online access to the Financial Policies and Procedures which are stored in the Finance/Policy area of the Intranet
- Online access to the **Contract** Template Handbook found on the K drive
- Online access to the Divisions approved workplan (which is part of Budget) and is stored in the Financial Reports area of the City's website.

#### ***Department of Finance Review***

The Department of Finance is responsible for administering the internal finance policies and procedures of the City and provides a supportive role in assuring budget accountability. In addition, the Department of Finance has an obligation to ensure that all the pieces of a transaction come together and make sense. The Department of Finance conducts a "reasonableness review" which may include the following:

- Verifies that the appropriate approvals are included.
- Reviews for availability of funds or determines whether the "*Request for Budget Appropriation Revision*" form needs to be completed. If *budgeted funds are not available* and the "*Request for Budget Appropriation Revision*" form has not been completed, Finance is under no obligation to process the Request for Purchase Order.
- Determines that the account number charged is appropriate for the item being acquired. Note that the accounts used for allocated expenses should not be used for any purchases initiated by the operating Divisions.
- Verifies that any necessary contracts have been entered, the contract has available funds and the necessary insurance certificates have not expired
- Verifies that the required bids have been obtained.

### 3. Issuing Purchase Orders

After Finance reviews of the "*Request for Purchase Order*" report (and the issues, if any, are resolved) the Request for Purchase Order is turned into "*Purchase Order*". "*Purchase Order*" are distributed through intra-office mail.

The "*Purchase Order*" form is a *three -part document* distributed as follows:

- Vendor Copy      Returned to the Requestor who mails it to the vendor (Double-sided).
- Department Copy      Returned to the Requestor for filing. This copy may be used to document the receipt of merchandise and may accompany the invoice to accounts payable.
- Purchasing Copy      Attached to Request for Purchase Order and filed by Purchasing.

The Requestor reviews the "*Purchase Order*" form *for* accuracy and completeness and any problems are reported immediately to the Purchasing for correction.

### **Purchase Order Exceptions**

Purchase Orders are not required:

- For the purchase of goods under \$2,500.
- In an emergency. When the City Manager or a Department Director determines that critical circumstances require the immediate purchase of the merchandise or service.
- When a City contract is not required. For example, Caterers, Hotel/Room Rentals, Equipment Rentals, Transportation/Buses, Software Maintenance, Newspaper/publication advertisements, and Messengers

A Purchase Order may be requested if the Division Manager or Department Director wants to encumber the funds.

## Questions and Answers

### ***Why do we need to create a Purchase Order if the vendor I select does not require one?***

There are two main reasons. First, purchases should be pre-approved. After a vendor has supplied a service or merchandise, it would be inappropriate not to pay them. If a Purchase Order is generated, then we know that the prescribed procedures were followed and management authorized the purchase. Second, when a Purchase Order is created, an encumbrance is recorded on the general ledger. Thus, Managers can know what they have committed to spend and are able to better control their budgets even though the monies may not yet have been released.

### ***Why don't we require Purchase Orders, and in fact discourage the use of them, for amounts less than \$2,500?***

We are attempting to balance the cost of a procedure with the benefit obtained. It costs us time and supplies to produce and process Purchase Orders. We believe that the potential loss we might suffer from not requiring Purchase Orders for smaller purchases is less than the cost we would incur in producing and processing Purchase Orders for every item or service we buy.

### ***The policy states that a Purchase Order is not required if the amount involved is less than \$2,500. May a Purchase Order be issued for less than this amount?***

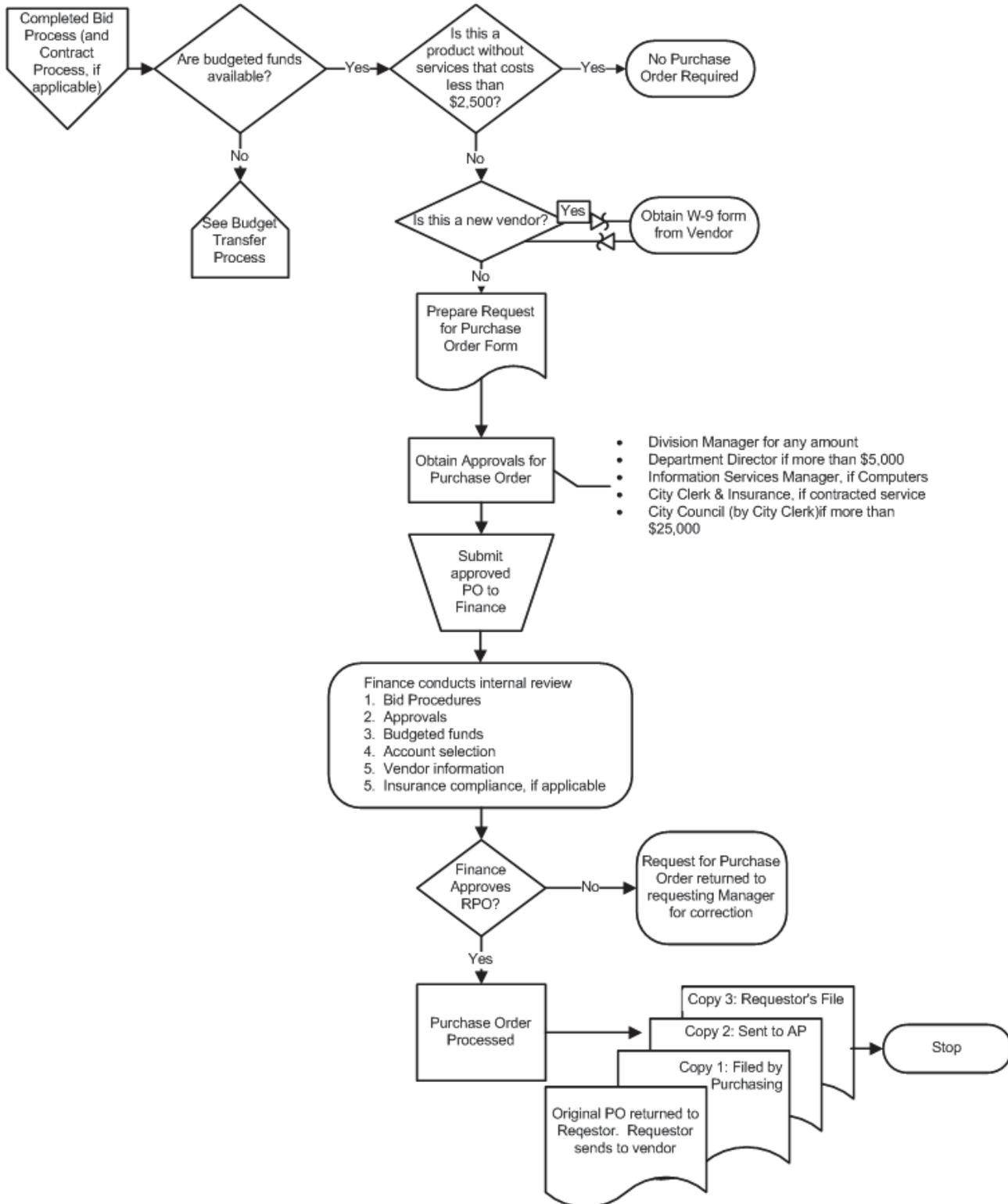
Yes, if the vendor requires that a Purchase Order be used or if some other unusual situation exists. Prepare the Request for Purchase Order including the reason for the special request and a Purchase Order can be generated.

### ***What if my Manager is not available to sign my "Request for Purchase Order" form?***

Employees should not sign as an "Acting" Manager unless their Manager has given them written authorization and the proper paperwork has been sent to Human Resources. We recommended that the employee retain the Acting authorization documentation as proof of his or her authority to sign. If a Manager has not given formal Acting Authorization, the Department Director should sign for the absent Manager.

**Flowcharts**

## Purchase Order Process Flowchart



## VII. Receipt of Merchandise or Service

The requesting Division or Department *is responsible* for receiving incoming goods, inspecting them as to quality and condition, and confirming the quantities received. The Department Copy of the "*Purchase Order*" may be used to document the receipt of the merchandise.

If there is a *partial* delivery, its receipt can be documented on the Department Copy of the "*Purchase Order*". We recommend that all dates of receipt be noted on Department Copy to avoid confusion.

If merchandise is *not acceptable*, the Requestor arranges for replacement or return for credit of the defective items. Be sure to completely document the nature of the deficiency including:

- The name of the supplier
- Purchase order number for item
- Date of receipt
- Quantity received and quantity returned
- Nature of the defect
- Action requested (return for credit, replacement, allowance)

Note that many vendors may not give credit for returned merchandise unless a *return authorization* is obtained prior to returning the items. The vendor is contacted for their specific requirements to expedite the return and credit or replacement. We recommend that all documentation be kept with Department Copy to verify the return of any defective merchandise. This documentation may be needed as proof received merchandise was returned and therefore an invoice for that merchandise is not payable.

The Requestor is responsible for reviewing the Purchase Order Accounting reports and processing invoices for merchandise and services received in a timely manner.

## VIII. Payment of Invoices - Accounts Payable

### Invoice Processing (Accounts Payable Flowchart)

#### 1. Receipt of Invoices

Invoices are received by the Division that initiated the transaction. Invoices received by Accounts Payable are forwarded to the initiating Division.

Note that payments are made only from *original* invoices. In the case of a lost invoice not previously paid, the vendor must send a copy and request that it be processed as the original.

*Statements* are listings of outstanding invoices and are never used to process payments. A statement is a tool that helps to determine if there are discrepancies between our records and the vendor's records. It is the Division's responsibility to review statements as they are received to ensure that all listed invoices have been processed for payment.

A completed W-9 form from the vendor is needed prior to the setup of a vendor and the issuance of a Check Request report. The Substitute W-9 form can be found in Finance/Forms on the intranet. The completed form should be submitted to Accounts Payable. Payment to a vendor (e.g., Check request) is not processed until the form is returned.

#### 2. Division Responsibilities

Each Division is responsible for *verifying* invoices for payment, including the following:

- *Comparing the quantities* billed on the invoice with quantities listed on the Purchase Order and shown on receiving documents.
- *Comparing the prices, discounts, and terms* on the invoice with those specified on the Purchase Order.
- *Proofing the clerical accuracy* of the invoice with respect to extensions, footings, and deduction of discounts.

It is essential that the information supplied with the check request be complete and accurate, since this is the basis on which checks are prepared and encumbrances are released.

If the check request is for less than \$2,500 and it is not associated with a Purchase Order, the requestor is responsible for ensuring that there are adequate funds in the account number being charged.

If an invoice is for more than \$2,500 and it is not associated with a Purchase Order and/or a contract, complete **NonCompliance with Purchasing Ordinance** form including all required authorizations and submit it with the invoice & check request. In the case of a check request for an invoice requesting payment for an emergency procurement, documentation that the City Manager authorized the emergency repair is required (e.g., memo, e-mail).

Staff is responsible for notifying the vendor of any delays in payment and resolving and/or clarifying any issues raised by Accounts Payable.

### 3. Check Request Report

The *Check Request Report* is required for all payments and is used to clearly document the invoices to be paid and includes the following information:

- vendor's name, number and address,
- special handling instructions
- invoice number,
- Purchase Order number, (if applicable)
- contract number (if applicable)
- account number to be charged,
- description of the purchase,
- amount,
- decision regarding the liquidation of any remaining encumbrance that was generated by the Purchase Order.

Before creating a check request, review the invoice history to ensure that:

- The invoice has not been previously paid
- The invoice description is consistent with prior invoice descriptions

The "*Check Request Report* must be printed on **BLUE** paper. Duplexing is recommended. The initiating Department is responsible for obtaining the required approvals:

- All require Division Manager approval.
- If the amount is more than \$5,000, Department Director approval is required.

*Note that these approval requirements are based on the total amount of the Check Request, not the individual invoices.*

**The invoice(s) are attached to the Check Request (also referred to as the “package”) and forwarded to the Accounts Payable Department for payment.** If the original invoice needs to be sent back to the vendor, the Requestor should also make a photocopy of the invoice for supporting documentation retention.

#### Do's and Don'ts of Displaying Backup Documentation

- Do write an “X” on pages that contain information that are not part of the backup.
- Don't cover backup information with another document
- Do tape all receipts that are smaller than a credit card to a 8 ½ x 11 page; be careful that the tape not touch any of the printed information on the receipt.
- Don't tape an 8 ½ x 11 receipt or invoice to a 8 ½ x 11 piece of paper.
- Don't allow taped receipts/invoices to hang over the edge of the page.
- Do indicate newspaper/magazine advertisements by writing a slash (/) on the four corners of the ad.
- Don't use a highlighter to highlight information – it will be illegible when scanned.
- Don't use a heavy duty staple; Use rubber bands or a clip.

If the Check Request is for a refund except parking fines, approval of the Revenue Division is needed prior to submission to Accounts Payable.

The Revenue Division will verify that:

- payment was not made by credit card
- refund payment is issued to the person or business that made the original payment
- documentation reversing or voiding the transaction is attached including verification of the correct account

#### 4. Department of Finance's Accounts Payable Responsibilities

The Department of Finance is responsible for administering the internal finance policies and procedures as described in this document.

Therefore, if the check request package has missing, or what appears to be incorrect, information, the Department of Finance personnel use their judgment in handling the problem in accordance with these guidelines:

- If there is a *minor problem*, such as an incomplete or misspelled name and address, invoice number, Purchase Order number or account number discrepancy, they communicate by telephone or E-mail to get the problem resolved.
- If the required approvals, contracts or Purchase Orders have not been obtained, the package is returned to the Requestor with an explanation of the problem and proposed corrective action.
- If budgeted funds are not available and the "*Request for Budget Appropriation Revision*" form has not been completed, Accounts Payables actions are determined by the amount involved in accordance with the policy established in the Purchasing, Request for Purchase Order, Internal Review sections of this manual.

Finance personnel will attempt to return the package in a timely manner; however, errors or the need for additional research may cause the processing of the check request to be delayed.

After review and correction or clarification of any information, the check request is approved for payment and a check is prepared and listed on the next City Council demand register.

All disbursements (except petty cash) are to be made by system-generated, sequentially numbered checks. Checks cannot be made payable to "Cash" or "Bearer". All employee reimbursements (except Petty Cash) are processed through the Check Request Accounts Payable Process.

Checks are mailed directly after approval of the City Council, with no further access by employees who are responsible for their preparation.

### **Check Writing Schedule**

Because City Council **approval** is required before any checks are released (West Hollywood Municipal Code Section **3.12.010** et seq.,) payment terms with vendors should be at least 30 days. Please allow three weeks for an approved check request to be listed on a Council Demand Register and approved at a meeting. Council approved checks are mailed on Tuesday following the City Council meeting. The exact dates are published annually and the schedule can be obtained from Accounts Payable.

### **Manual Checks**

In ***extremely rare situations*** a manual checks may be produced. Obtaining a manual check requires the written approval of the Director of Finance.

### **Redacting Personal Information on Invoices and Receipts**

Check requests documentation (e.g., invoices/receipts) should be reviewed and redacted to prevent release of personal information that may facilitate identity theft or fraud. However, the supporting documentation must contain enough information to identify the transaction and the related employee (e.g., blocking out middle name, but not last name).

Please redact any personal identifying information such as:

- Social security/ Employer Taxpayer ID numbers unless a1099 form is submitted for vendor setup
- Drivers license numbers
- Dates of birth
- Street names & numbers
- Phone numbers
- Credit/Debit card numbers
- Bank routing/account numbers
- Passwords, PINs, Security Information
- Passport/State identification numbers
- Personal Statistics (e.g., gender, height, weight, etc.)

The City of West Hollywood cannot guarantee that the information provided will be exempt under the Public Records Act."

## Questions and Answers

***What exactly is the difference between a statement from a vendor and an invoice and why can't I use a statement as backup for a check request?***

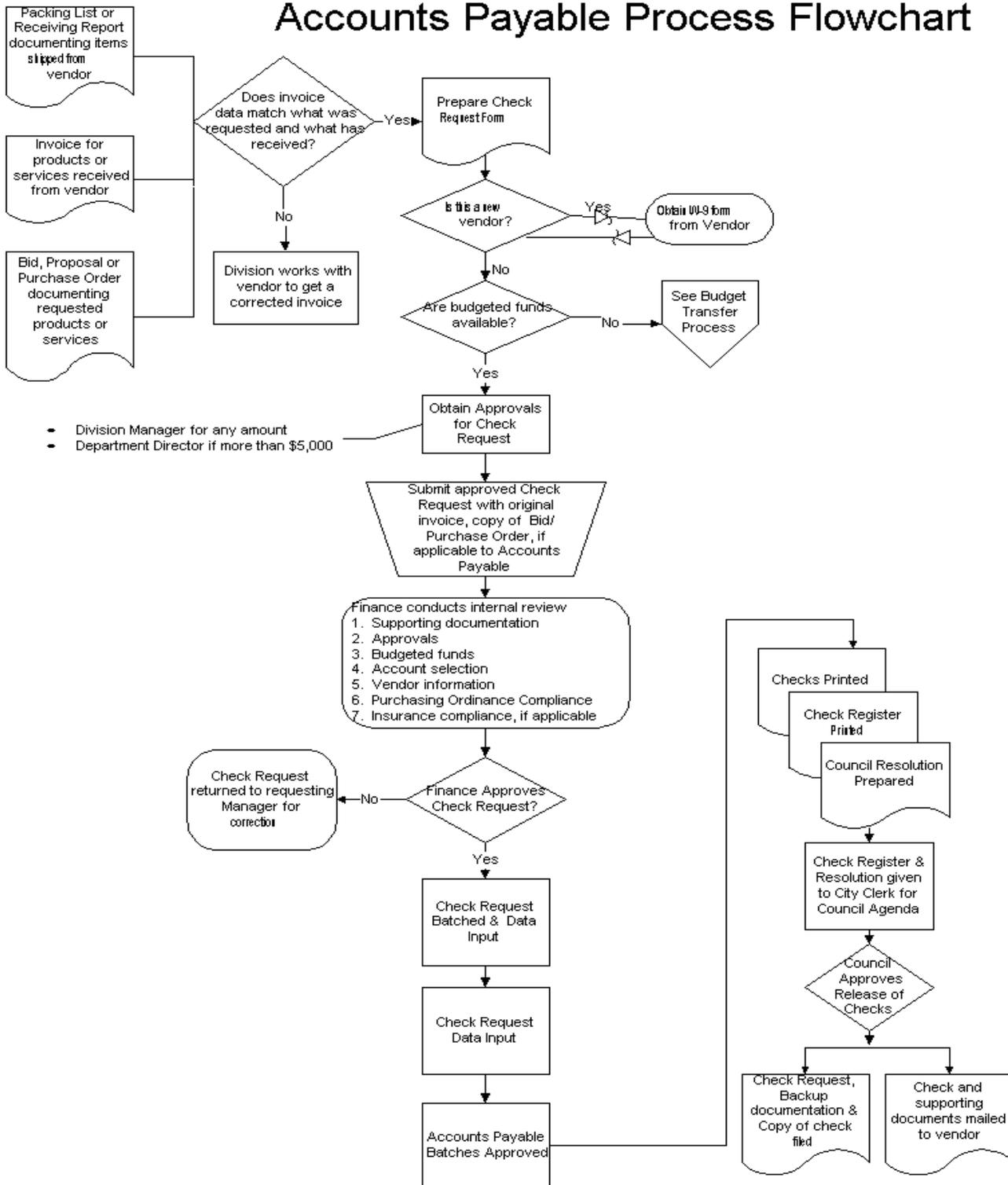
A statement is a listing of invoices. An invoice details the specific services or merchandise being billed and the amount charged for each item. Statements are used to reconcile our records with the vendors to assure that payments have been properly applied. Invoice formats vary a great deal and sometimes vendors show a balance forward on an invoice, too. Therefore, all invoices need to be carefully reviewed before a check request is prepared. Also, all statements should be forwarded to Accounts Payable for reconciliation of our records with the vendors.

***What if my Manager is not available to sign my "Check Request" form?***

Employees should not sign as an "Acting" Manager unless their Manager has given them written authorization and the proper paperwork has been sent to Human Resources. We recommend that the employee retain the Acting authorization documentation as proof of his or her authority to sign. If a Manager has not given formal Acting Authorization, the Department Director should sign for the absent Manager.

**Flowcharts**

## Accounts Payable Process Flowchart



## IX. Special Purchasing Transactions

### City Credit Card Purchasing Option

#### 1. Credit Card Purchases Policy Summary

In accordance with the City's Administrative Regulation for City Credit Cards, the City may issue credit cards to selected City Officials to facilitate purchases when needs are not otherwise met by the City's Check Request and Purchase Order processes. To minimize the risk of duplicate payments, the City's credit card is not intended for purchases with established accounts payable vendors.

**City credit cards are the PERSONAL responsibility of the employee to whom the card was issued.** The City credit card is to be used only for official City business. The individual to whom the card was issued is responsible for submitting all receipts made with the card within 5 working days. Authorized purchases include:

- Travel: Registration, lodging, transportation, meals and related expenses pursuant to financial policies and procedures.
- Local Conferences, Meals and Meetings: Expenses incurred for meals while attending meetings on authorized City business.
- Trainings and Seminars registrations from a vendor that will not accept a PO and cannot send us a invoice in advance.
- Goods and Services: Miscellaneous purchases not otherwise met by the City's Check Request and Purchase Order processes. Goods and services must still meet the budget, bid and contract process requirements.
- Emergency Supplies: In case of emergency situations, authorized users may use the card to procure necessary goods and services.

All purchases made with a City issued credit card must be compliant with the City's Financial Policies and Procedures including bidding, contract, purchasing, Purchase Order and payment of invoice processes. .Credit card purchases are not exempt from established finance policies and it is not acceptable to use the credit card to circumvent the check request process.

#### 2. Credit Card Purchases Restrictions

The following are restrictions on the use of the card. Any misuse constitutes improper use of City property and subjects the user to removal of card privileges and/or disciplinary action.

- Cash advances through bank tellers or teller machines.
- Personal transactions unrelated with doing official City Business.
- Purchases that can be paid by a check request
- Purchases that can be made with a Purchase Order
- Purchases that circumvent finance policies or restrictions defined herein
- Purchases with established accounts payable accounts (e.g., Koontz, Basix)
- Transactions not in compliance with Finance Policies

### **3. City Credit Card Payment Processing**

#### **a) Review of Monthly Statement and Cardholder Responsibilities**

At the close of the billing cycle, the cardholder will receive a copy of the monthly statement itemizing the activity on the account. The cardholder must review the statement for accuracy of each transaction. If the cardholder discovers an item was charged incorrectly, promptly provide the details to Accounts Payable.

The cardholder must complete the following:

- Describe the expenditure type for each transaction on the statement (e.g., Training, Local meeting/conference, Meeting/conference with travel, or Special materials for purchase.)
- Attach the original credit card sales drafts/receipts to the statement; include any other documentation that may be necessary.
- Forward the statement for payment to the Accounts Payable within five (5) working days from receipt.

If for some reason the cardholder does not have the proper documentation for a transaction, attach or e-mail a statement an explanation that includes a description of the item, date of purchase, merchant's name and why the documentation is missing.

Attach to the statement the credit vouchers for any purchases returned or cancelled that appear on the statement. If the original purchase appeared on a previous statement, indicate in which statement it's reflected.

#### **b) General Accounting Division Responsibilities**

In order to document credit card transactions so that they are compliant with Finance Policies, Accounts Payable will prepare check requests for payment for all credit card accounts.

Accounts Payable will:

- Examine the monthly credit card statement, receipts, and documentation submitted by the cardholder. If the documentation is incomplete, the cardholder will receive a request for additional information.
- Review account numbers to each transaction based on the expenditure type assigned by the cardholder.
- Prepare the check request for payment of the credit card account as described on page 34.

### **Office Supplies**

Office supplies are ordered online from Office Depot. The Division Manager or the Department Director may want to approve all orders ensuring that adequate budgeted funds are available. In general, merchandise arrives the next day. Each order is invoiced separately and the Requestor is responsible for inspecting and counting the merchandise and processing the invoice for payment. Returns are done online with Office Depot. You may return most items in their original packaging within 30 days (technology items within 14 days).

When a vendor is used by more than one Division, precede the invoice description with the 3-digit Division/commission code. (See Exhibit J).

### **Common Area Supplies**

Copy/printer paper, toner cartridges, coffee/water and first aid supplies are kept throughout the building. The cost of these items is allocated by the Department of Finance to the various Divisions and Departments based on staffing levels. Division Managers and Department Directors do not have budget responsibility for these charges.

### **Business Cards & City Stationery**

To ensure consistency of City business cards and stationery, requests are sent to Finance. The Requestor can order business cards, letterhead, notepads and envelopes by completing a purchasing form found on the intranet under [Finance/Forms](#) and attaching a sample marked with any changes that need to be made. On the form you indicate the quantity needed.

The following are guidelines when ordering business cards for commissions:

1. Only Commissioners receive business cards.
2. Business cards shall reflect the Commissioners name and the commission he/she represents.
3. If a commissioner wishes to use his/her personal phone, it must clearly be indicated "residence." The City Hall phone number should still be the primary number.
4. Business cards are not reordered to reflect chair/vice chair.

### **Capital Expenditures**

Capital expenditures include land, buildings, and major improvements to buildings, equipment, and furniture. Generally, the item has a useful life of at least *two years* and costs at least *\$5,000*.

- Cost includes the actual cost of the item itself, plus freight, installation costs, and any other expenses incurred that are necessary to get the item delivered, installed, and in working order.
- The unit price of an item rather than the total cost of the purchase is the value to be used as the guide.

The City requires that all newly acquired fixed assets be centrally recorded. Upon receipt, the Requestor should obtain a fixed asset tag from Finance and affix it to the asset. Finance will enter the fixed asset into the general ledger system for inventory and valuation purposes.

All City owned fixed assets are to be used only for official City business.

Capital items are subject to the same approval requirements as any other purchase except that purchases of technology related equipment requires the Information Services Division Manager's approval.

*Non capital costs:*

- Items of small value which may have a relatively long life such as shovels, tool boxes, scissors, etc., but are of small individual value, should be classified as supplies.
- Replacement or repair parts (and labor for such replacement or repair for capital items) should be charged to a maintenance or supplies account.

For more information on fixed assets see the Infrastructure Asset Capitalization and Inventory Control Policy or the Fixed Asset Capitalization and Inventory Control Policy, dated October 12, 2001.

### **Disposal of Surplus Equipment.**

Surplus property, with the approval of the City Manager, can either be sold to any public or private person or entity, transferred from one Department to another Department, recycled or disposed of as junk to a landfill or other appropriate waste removal facility or sent to auction.. Also, the City Council has adopted a policy of donating surplus equipment to a school or other non profit agency. It shall be the responsibility of each Department to appraise property designated as surplus. See the Accounting Services Manager for further assistance. More information on the Disposal of Surplus Equipment, is found in the Fixed Asset Capitalization and Inventory Control Policy, dated October 12. 2001.

## Petty Cash

### a) Petty Cash Reimbursement

The Petty Cash fund is used to reimburse purchases that were originally paid out-of-pocket by a City official or employee for amounts of \$35.00 or less. The Revenue Division on the first floor of City Hall maintains the petty cash fund. All disbursements from petty cash must be supported with a receipt.

Finance recommends that petty cash requests be submitted within 5 working days of incurring the expense.

The procedures to obtain Petty Cash Reimbursement are as follows:

1. Obtain a "**Received of Petty Cash**" form (EXHIBIT D) from the Administrative Staff Assistant in your Department.
2. Complete the form, including the account number to be charged, description, date requested, and amount.
3. Obtain Division Manager or Department Director approval.
4. Submit the documents for reimbursement.
5. Upon reimbursement, sign and return the "*Received of Petty Cash*" (EXHIBIT D) form.

Mileage reimbursements for local travel (using the Mileage Reimbursement Claim form as supporting documentation) is paid through the Accounts Payable Check request process not petty cash.

### b) Petty Cash Advances

An advance of petty cash funds is a PRIVILEGE. Failure to reconcile the actual expenses with documented receipt to the advance request within 5 days of taking out the advance may result in revocation of the privilege of receiving petty cash advances.

The procedures to obtain a petty cash advance are as follows:

1. Obtain a "Received of Petty Cash" form (Exhibit D) from the Administrative Staff Assistant in your Department.
2. Complete the form with the phrase "ADVANCE REQUESTED" and list the amount requested, the account number to be charged, date requested and a brief description of the proposed use of funds. Please note the maximum petty cash advance is \$35.00.
3. Obtain Division Manager or Department Director approval.

4. Return all unused cash and submit all receipts or other supporting documentation within 5 days.

The "*Received of Petty Cash*" form (Exhibit D) will be adjusted to reflect the actual expenditures.

### **Tuition Reimbursements**

The City will reimburse employees up to \$4,500 per year for job related courses and as specified in that employee's M.O.U. To be reimbursed for tuition after completing a course with a "C" or better, complete a Tuition Reimbursement Form, with Director's and Human Resources approvals and a corresponding check request with supporting documentation of payment receipts and grade reports.

### **Tipping**

The City recognizes the value of good service and the need to exercise good judgment with public funds. Staff is expected to review invoices/receipts to determine if service charges or gratuities are included in the pricing (e.g. most catering includes the service charge and tipping is not customary). On transactions where tips are customary (e.g., meals at restaurants), Staff should display good business judgment and tip appropriately and within the established rate of 15%. A straight percentage is not needed in all situations.

### **Travel**

#### **a) General Policies**

The City recognizes the constructive value of professional conferences, seminars and meetings. To that end, the City may provide travel funds for City officials (including commissioners, board members, etc.,) and staff.

- Travel funds for trips outside the continental United States must be approved in writing IN ADVANCE by the City Manager.
- Any overnight travel must be requested in advance and approved by the Department Director in accordance with section (f) below (see page 51) before incurring any cost on behalf of the City.
- The City may not reimburse employees who fail to get advanced approval on travel expenses. Those travel expenses may be solely and personally the responsibility of the employee.

- A Travel Advance is a PRIVILEGE. Failure to reconcile the actual expenses with documented receipt to the travel advance request may result in revocation of the privilege of receiving Travel Advances.

Spouses, partners and guests are welcome to accompany you on City travel and at conferences, seminars and meetings. However, any additional costs associated with their participation is your personal responsibility.

The City of West Hollywood's Travel Expense Policies are consistent with *United States Federal Regulation, Federal Travel Regulations* and the *Internal Revenue Code* regarding Travel Expenses. [Section 301-2.3](#) states **that a government employee "must exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business."** As such, "travel must be done by the most expeditious means of transportation practicable and commensurate with the nature and purpose of official duties."

#### b) Transportation

**Air travel:** We recommend that you shop your air travel reservations carefully. You may want to check prices through a travel agent, directly from the airlines and/or through the internet. Immediately after receiving confirmation of the itinerary and cost, we recommend that you purchase the ticket and generate a Check Requests for reimbursement, after obtaining the proper authorizations.

**Private vehicles:** If a personal vehicle is used for travel, reimbursement is based on the cost of air travel and transportation from the airport to the destination and back, or the current per mile rate allowed under the IRS rules *whichever is less*. Click the link [rates](#) to see the currently reimbursable rates for the use of privately owned vehicles as determined by General Services Administration (GSA) and documented in the Federal Travel Regulations.

Mileage will be calculated from either City Hall or from your home to the Destination, which ever is *closer*. Click [Mileage](#) for a tool to assist in calculating mileage from one destination to another.

**City owned vehicles:** There is no reimbursement for transportation when a City owned vehicle is used, except for out-of-pocket expenses incurred.



Example 1: Personal Car versus Air Travel:

**Drive** to Santa Barbara = 185 miles  
Reimbursement at \$0.325 per mile = **\$60.13**

**Air travel** to Santa Barbara = \$101.00  
Taxi from the airport to conference and return = \$ 15.00  
Total air cost = **\$116.00**

\$60.13 is less so this amount is reimbursed.

Example 2: Personal Automobile Used

Drive from Home to Destination = 15 miles  
Reimbursement at \$0.325 per mile = \$ 4.88

Drive from City Hall to Destination = 20 miles  
Reimbursement at \$ 0.325 per mile = \$ 6.50

\$4.88 is less so this amount is reimbursed.

Travel by one employee outside the six COUNTY SCAG regions (see map) and the City of Santa Barbara is recommended to be by *air*. If two or more employees are traveling within a day's drive (no more than four hours), they should usually travel together by car rather than air.

*Reimbursement of Transportation Expenses: Reimbursement is based on:*

- the shortest and most direct route,
- bookings being made at least two weeks in advance, when possible, such that the lowest fares possible are received (except that night coach will not be required).

**c) Hotel Accommodations**

City officials and employees should choose reasonably priced, not extravagant, accommodations based on the location of the business meeting or conference. The City's travel agent or the [OAG's Hotel website](#) (with property information

supplied by GSA) can provide information on hotel accommodations. The City's travel agent cannot make Hotel reservations without a personal or city-issued credit card number. The number of days allowed correspond to the policy for Per Diem reimbursement discussed under that section.

For one-day trips, Department Directors may approve Hotel accommodations when conference activities and travel time exceed 12 hours in one day. When hotel accommodations are needed, per diem is also provided.

#### **d) Per Diem and Actual Reimbursement**

For any *overnight trip*, an employee may receive a Per Diem or be reimbursed for actual expenses for each day or fraction thereof they are traveling. This is in addition to transportation, parking, business phone calls, and hotel accommodation expenses.

*The per diem rate is \$64 per day as follows:*

<i>Breakfast</i>	<i>\$12</i>
<i>Lunch</i>	<i>\$18</i>
<i>Dinner</i>	<i>\$31</i>
<i>Incidental Expenses</i>	<i>\$3</i>

**Per Diem** is expected to cover meals and incidental expenses (such as tips, baggage handling, and personal telephone calls.)

A meal provided by a common carrier or a complimentary meal provided by a hotel/motel does not **affect** your per diem.

*If the conference or meeting includes one or more meals, the appropriate per diem amount is **deducted**.*

*If **actual expenses** are used (receipts must be provided), reimbursement will be made up to \$80 per day.*

Alcoholic beverages are NOT reimbursable.

*Number of days reimbursed* includes days actually spent on City business, for programmed days at a conference or meeting, and for time spent in travel by air. (The Department Director must approve Per Diem for time spent in travel other than air, such as rail or automobile.)

Travel days not to exceed the day before and after the conference or meeting are included in the number of days. The travel days are only allowed if time and travel

schedules do not allow for travel at reasonable hours on the beginning and ending days of the conference or meeting. Per Diem guidelines on travel days are:

**Departures:**

- If you depart after 10:00 am, deduct the breakfast allowance for that day
- If you depart after 2:00 p.m., deduct the breakfast and lunch allowances for that day
- If you depart after 8:00 p.m., deduct all meal allowances

**Returns:**

- If you return after 7:00 p.m., you may claim the full per diem meal allowance for that day
- If you return between 1:00 p.m. and 7:00 p.m., you may claim the breakfast and lunch allowances
- If you return before 1:00 p.m., you may claim the breakfast allowances.

Per Diem for *trips of one day* when overnight lodging was not required is normally not done. With receipts for the meal expense, the Traveler's Department Director may approve a per diem or actual expense reimbursement, whichever is less. One day travel (for meetings, conferences, trainings) should be documented on a Meeting Expense form.

**e) Other Expenses**

With receipts, City officials and employees will be reimbursed for the following **miscellaneous travel expenses**:

- Conference registration fees
- Use of computers, printers, faxing machines and scanners
- Business Telephone Calls
- Laundry, dry cleaning or pressing of clothes (with a minimum of 4 consecutive nights lodging on official business)
- Mailing costs
- Parking expenses,
- Taxis or other local transportation, including rental cars, if reasonable under the circumstances.

**f) Approval**

For Local Conferences (*trips of one day*), Division Manager approval (\$5,000 or less based on the estimated *total* cost of the trip) is required. While the initial

approval is generally verbal (*written is recommended*), written approval follows in terms of approvals for Travel Advances and Travel Reimbursement requests.

All overnight travel requires the Division Manager, Department Director and Finance Director written approval (including e-mail) for the travel before any financial commitments are made.

Travel funds for trips outside the continental United States, regardless of cost, must be approved in writing IN ADVANCE by the City Manager.

### **g) Travel Advances**

A Travel Advance is a PRIVILEGE. Failure to reconcile the Travel Advance with the actual travel expenses (with documented receipts) may result in revocation of the privilege of receiving travel advances.

*If the advance is not properly accounted for by the recipient,  
the advance is income to the recipient  
or can be determined to be an advance of regular pay.*

*An advance of funds is obtained by:*

- completing the **Travel Advance** form detailing the estimated expenses
- obtaining approvals in accordance with the above requirements, and
- sending the copy along with a **Check Request** to Accounts Payable for payment.

A travel advance for mileage only is not allowed.

### **h) Travel Expense Reconciliation**

Travel and conference expenses can be paid in several ways:

- By invoice or registration form such as a conference registration form
- By obtaining an advance of funds
- By submitting a "Travel Expense Report" form (Exhibit F) with receipts after completion of the trip.

No later than seven (7) working days after returning from a trip, the traveler should complete a "Travel Expense Report" form (Exhibit H) and submit it to Accounts Payable. All expenses incurred by the traveler are documented with receipts except those covered by per diem.

- If monies are due to the traveler, an approved "Check Request" Report accompanies the "Travel Expense Report" form with receipts
- If the form indicates that the advance exceeded the actual expenses, the traveler's personal check accompanies "Travel Expense Report" form

The travel expense package should be put together in the following order:

1. Completed "*Check Request*" Report (Exhibit H), if money is owed
2. Completed "*Travel Expense*" form (Exhibit F)
3. Invoices (such as Hotel Bills, Conference Registrations, etc.) Be sure to indicate whether the City has already paid the invoices or if the employee paid for them directly.
4. Receipts (be sure to group like expenses together and attach the calculator tape with the total to them).
5. E-Mail Approvals, Notes and POs

*If the advance is not properly accounted for by the recipient,  
the advance is income to the recipient  
or can be determined to be an advance of regular pay.*

Grant reimbursement: It is the responsibility of the Division Manager to assure that all grant travel is conducted in compliance with grant requirements.

#### **i) Meeting Expense Form**

Travel expenses for meetings, conferences or one-day trainings are submitted on "Meeting Expense Report" form (Exhibit I) along with a "Check Request" Report (Exhibit H). This form is really design to completely document reimbursements to employees who have expenses related to a meeting/training, including mileage and parking All expenses incurred by the traveler are documented with receipts. The Meeting Expense Form is recommended, but not required, if the total reimbursement being requested is less than \$35.00.

The Meeting Expense package should be put together in the following order:

1. Completed "Check Request" form (Exhibit H)
2. Completed "Meeting Expense" form (Exhibit I)
3. Invoices (such as Conference Registrations, etc.) Be sure to indicate whether the City has already paid the invoices, or if the employee paid for them directly.
4. Receipts (be sure to group like expenses together and attach the calculator tape with the total to them).
5. E-Mail Approvals, Notes and POs.

## Questions and Answers

### ***To get a Travel Advance, what do I need to give you?***

To process a Travel Advance, Accounts Payable needs:

1. Travel Advance form signed by the Division Manager, Department Director and Finance Director and reservations/quotes for each item being advanced (e.g., airfare, hotel)
2. Documentation regarding the event (e.g., conference, meeting, training) including when and where it is taking place.
3. Signed Check Request

### ***How do I get reimbursed for mileage?***

Submit a check request and a Mileage Reimbursement or Meeting Expense form to Accounts Payable. Maps may be requested with Meeting Expense forms and Travel Expense Reports as supporting documentation.

### ***Do I need to submit receipts when I request Per Diem?***

No receipts are not needed when you request Per Diem.

### ***What if the conference I'm attending provides lunch, do I still get Per Diem?***

Yes, you can still get Per Diem. However, the Per Diem amount allocated for lunch is subtracted for that day.

### ***How do I get reimbursed for baggage handling and tips?***

If you are receiving Per Diem, it is covered as part of the incidental expenses. Otherwise, you will need to submit receipts.

### ***I just made a credit card purchase, what do I do next?***

Complete a credit card purchase form. Then attached any supporting documentation (e.g., confirmations, receipts, invoices) and give it to the card holder to submit to Accounts Payable. All purchases made with a City issued credit card must be compliant with the City's Financial Policies and Procedures



## **X. Revenue Transactions**

For revenue transactions that are not handled by the City's License and Permit system, see the Revenue Manager.

### **Billing for Services (Receivables)**

For more information, see Administrative Regulation 304, Accounts Receivable Rules and Regulations.

### **Cash Registers and Receipts**

For more information, see Administrative Regulation 305, Cashiering Operation Rules And Regulations.

## **XI. Payroll**

Staff is strongly encouraged to receive their payroll checks via Direct Deposit and their reimbursement checks as Electronic File Transfers. This ensures that Staff is receiving funds in a timely fashion and that issued checks do not become stale and need to be voided and reissued.

For more information, see the Budget and Payroll Manager.

## **Exhibits**

**Exhibit A: Request for Purchase Order Form**

**City of West Hollywood - Requisition Request**

Group #: lthu

Fiscal Year: 2007

**Vendor Information**

Vendor No: 314027  
 Vendor Name: FLINT TRADING, INC  
 Vendor Address: PO BOX 160

W9 Status: YES

**Requisition Details**

Contract Number: \_\_\_\_\_ Contract Status: \_\_\_\_\_  
 Requisition Number: 08-000065 Req. Date: 07/05/2006 Queue: rq

Description: MULTI-SPACE METER NUMBERS

Requested for: THU, LONG

Department: TRANSPORTATION & PUBLIC WORKS

Instructions:

Ship To: s08 TRANSPORTATION & PUBLIC WORKS  
 CITY OF WEST HOLLYWOOD  
 8300 SANTA MONICA BLVD  
 WEST HOLLYWOOD, CA 90069

Item #	Qty	Unit of measure	Unit Cost	Ext. Price	Tax
1	100	ea	\$25	\$2,500	s
Acct #	Account Description			Project Number	

100-3-08-82-522003  
 Item Description: MULTI-SPACE METER NUMBERS

Goods: \$2,500.00  
 Service: \$0.00  
 Freight: \$0.00  
 RFPO Total: \$2,500.00

**Approvals**

Requestor THU, LONG \_\_\_\_\_  
 Division Manager \_\_\_\_\_  
 Department Director (if over \$5000) \_\_\_\_\_  
 IT Manager (if IT accounts) \_\_\_\_\_  
 Finance \_\_\_\_\_

**FINANCE USE ONLY**

Reviewed: \_\_\_\_\_ Approved: \_\_\_\_\_ Posted: \_\_\_\_\_



**Exhibit C: Mileage Reimbursement Form**

Date: 07/26/07

CITY OF WEST HOLLYWOOD  
 MILEAGE REIMBURSEMENT CLAIM

**Payee Info**

Name: \_\_\_\_\_ Extension: \_\_\_\_\_  
 Division: \_\_\_\_\_

Mileage Info						
Date	From / To	Purpose of Trip	Mileage	Rate	Mileage Reimbursement	Parking
Subtotal			0		\$ -	\$ -

Total Mileage		
Total Mileage Reimbursement		
Account No.	Total Parking	
???-?-??-??-521003	Total Reimbursement	

Claim can be submitted with a Check Request for payment.

**Approval Info**

Requested By: _____	Reimbursement Rate	
	2005	\$ 0.405
Approved by: _____ <small>Division Head (all)</small>	9/1/2005	\$ 0.485
	2006	\$ 0.445
	2007	\$ 0.485

REVISED 12/26/06  
 Ver 2.0  
[intranet/finance/finance forms](#)





### Exhibit F: Travel Expense Report Form

Date: 7/26/2007

CITY OF WEST HOLLYWOOD  
TRAVEL EXPENSE REPORT

Traveler and Trip Info		Estimated Miles to Location	
Name:	_____	from Home	0
Division:	_____	from CityHall	0
Reason for Travel:	_____	Number of Meals Paid By Others	
Location (City & State):	_____	#Breakfasts	0
Departure Date:	_____ Time: _____	#Lunches	0
Return Date:	_____ Time: _____	#Dinners	0
Mileage Departed From:	City: 8300 Santa Monica Blvd, West Hollywood, CA 90		

Actual Expenses (Receipts Attached)				
Description	Amount			
Travel: Air				\$ -
Rental Car				\$ -
Personal Car:	Date	Mileage	@ Rate	=Reimburse
Departure Day Mileage:		-	\$ 0.485	-
Return Day Mileage:		-	\$ 0.485	-
Other Trip Mileage: 10		-	\$ 0.445	-
Other (e.g., Train, Bus) Please specify:				
Parking				\$ -
Shuttles, Taxis				\$ -
Hotel:	No. of nights: 0 @	\$ -	per day=	\$ -
Hotel Tax	No. of nights: 0 @	\$ -	per day=	\$ -
Per Diem:	Departure Day: 0 @	\$64.00	per day=	\$ -
	Return Day: 0 @	\$15.00	per day=	\$ -
	Additional No. of nights: 0 @	\$ 64.00	per day=	\$ -
	less Meals Paid by Others:		per day=	0
Registration:				\$ -
Other (describe):				
Miscellaneous Others				\$ -
Others: Meals				\$ -
				\$ -
Account No.	Amount	Total		\$ -
	\$ -	less Advance Received (-)/ PerDiem Waived		\$0.00
	\$ -	Amount to Employee		\$ -
	\$ -	Amount to City		\$ -
Total	\$ -			\$ -

Receipts for all expenses except the per diem must accompany this report.  
If amount is due to the City, a personal check must accompany this report.  
If amount is due the employee, a Check Request form must accompany this report.

Approval Signatures		Reimbursement Rates	
Requested By:	_____	Date	Rate
Approved by:	_____	1/1/2005	\$ 0.405
	Division Head	1/1/2006	\$ 0.445
Approved by:	_____	1/1/2007	\$ 0.485
	Department Director	Per Diem Rates	
Approved by:	_____	Breakfast	\$12.00
	City Manager (More than \$5,000 or Out of Country)	Lunch	\$18.00
		Dinner	\$31.00
		Incidentals	\$3.00

**Exhibit G: Request for Budget Appropriation Revision form**

**CITY OF WEST HOLLYWOOD**  
**REQUEST FOR BUDGET APPROPRIATION REVISION**

**NOTE: Transfers between funds must be approved by Council!**

Project #	Account #	Description	Increase	Decrease
<b>Total</b>				

**Justification:**

---

*Approval Info*

<p style="text-align: center;"><b>Transfers within Department</b></p> <p>Requested by: _____  <small>Division Manager</small></p> <p>Approved by: _____  <small>Department Director</small></p> <p>Approved by: _____  <small>Finance Department</small></p>	<p style="text-align: center;"><b>Transfer between Two Departments (requires the approval of both Directors and the City Manager)</b></p> <p>Approved by: _____  <small>Department Director</small></p> <p>Approved by: _____  <small>Department Director</small></p> <p>Approved by: _____  <small>City Manager</small></p> <p>Approved by: _____  <small>Finance Department</small></p>	<p style="text-align: center;"><b>For Accounting Use Only</b></p> <p>Journal ID: _____</p> <p>Trans. Date: _____</p> <p>Entered by: _____</p> <p>Date Entered: _____</p>
--	---	--

**NOTE: Transfers between funds must be approved by Council!**

**Exhibit H: Check Request Form**

**City of West Hollywood - Check Request**

Requestor WETZEL, BROOKE

Fiscal Year: 2007

LEADERSHIP DIRECTORIES, INC

**Vendor Information**

Number: 315865  
Name: LEADERSHIP DIRECTORIES, INC  
Contact: JACKIE JOHNSON  
Phone: (212) 645-0931  
W9 Status: YES

Vendor Address: 104 5TH AVE, 3RD FL  
NEW YORK, NY 10011

Vendor Pay To Address: 104 5TH AVE, 3RD FL  
NEW YORK, NY 10011

**Invoice Detail**

DOC #: 1581274 Group #: bwetzel Fiscal Year: 2007 Approval Queue: ap  
Invoice #: 1325968-1/07142006 Invoice Date: 07/14/2006 Trans Date: 08/10/2006 Due Date: 07/14/2006  
Invoice Description: LEADERSHIP DIRECTORY ANNUAL DUE

Item #	Contract	PO	P/F	Acct #	Account Description	Amount
1	N/A	N/A		100-1-01-00-521001	Publications & Subscription	\$399.00

Description: LEADERSHIP DIRECTORY ANNUAL  
SUBSCRIPTION DUE- 4 Editions

Fixed Asset: N

**Invoice Total:** \$399.00

**Subtotal All Invoices:** 399.00

**- Retained Amount/ Discount Total:** 0.00

**Check Request Total:** 399.00

**PO Status**

PO Number	PO Date	PO Description	Item Description	Item No.	Item Amt	Original Amount	PO Balance
-----------	---------	----------------	------------------	----------	----------	-----------------	------------

**Approvals**

Division Manager \_\_\_\_\_

Department Director (if over \$5000) \_\_\_\_\_

Please Mail Check with the Enclosed Attachment

**FINANCE USE ONLY**

Reviewed: \_\_\_\_\_ Approved: \_\_\_\_\_ Posted: \_\_\_\_\_

Revenue Manager's approval is required for all items affecting a revenue or balance sheet account. IT Manager signature approval is required for all IT related items.



## Exhibit J: Bid Specifications



### Bid Specifications

**City Contact:**

**Bid Open Date:**

It is the City of West Hollywood's policy to obtain goods and services of the highest quality for the lowest cost.

**Description of Products to Purchase/Scope of Services:**

**Time of Performance:**

**Special Payment Terms:**

West Hollywood Municipal Code requires that the City Council approve the release of each check. City Council Meetings are held bimonthly and are posted on the web at [www.ci.west-hollywood.ca.us](http://www.ci.west-hollywood.ca.us) Please allow a minimum of 3 weeks from the time an invoice is submitted for the release of payment.

**Is labor or installation necessary in the fulfillment of this bid?**     Yes     No  
**Is the service described above being done within City limits?**     Yes     No

**Bidder Information**

Company Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

Phone#: \_\_\_\_\_

Fax#: \_\_\_\_\_

Email \_\_\_\_\_@\_\_\_\_\_

The proposal, bid or quotation attached hereto is our best effort to meet the specifications described above. I am authorized to submit this bid.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

# **Check Request Forms Rules and Regulations**

Administrative Regulation

Approved: **April 1991**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 301

Revised effective 4-1-1991

**SUBJECT: CHECK REQUEST FORMS RULES AND REGULATIONS**

The check request form is required for all external compensation. The form is necessary in all situations where payment is to be made in the form of a City check.

Effective March 1, 1991, the City will be on a bimonthly accounts payable cycle. The request per check should be submitted to Finance on the Friday before the agenda deadline. All checks will be mailed on the day following the Council meeting.

Filling out the check request form should be executed in the following order.

1. Date form is completed.
2. Name and address of payee as it should appear on the check.  

Name of payee should match the name on the invoice. All check request forms must have original invoice receipts. Copies will be accepted only when stamped by vendor indicating as "duplicate".
3. Invoice numbers should be written in the appropriate box.  

Account number should match the line item expenditure number. The description should briefly identify what the payment is for. The account number should be clearly identifiable on the invoice. The amounts on the request must be totaled to arrive at the check amount.

Expenditures exceeding \$500 should have the Purchase Order number listed in place of the description, and a copy of the Purchase Order attached. If the payment against the Purchase Order is a partial payment, indicate so with a "P" before the number.
4. "Requested by" should have the signature of the person filling out the form as well as his or her Division Manager's (up to \$1,000) or Department Director's (\$1,000 and above) signature.
5. "Approved by Finance Officer" and "...City Manager" (when over \$5,000, or requests for special handling) will be signed once request is reviewed and completed in accordance with City policies and procedures.
6. "Special Handling" should be checked when a check is needed before the regular accounts payable cycle, or when a check should be held for the department. Any rush request must be signed by the City Manager under the special instructions section.

CITY OF WEST HOLLYWOOD

CHECK REQUEST

Today's date \_\_\_\_\_ Special Handling \_\_\_\_\_

Make check payable to (Address required): \_\_\_\_\_ Vendor I. D.: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**ALL CHECKS WILL BE MAILED**

P.O.	Invoice	Account	Description	Amount
TOTAL				

Requested by: \_\_\_\_\_

\_\_\_\_\_  
 \_\_\_\_\_

Department Director

Approved by: \_\_\_\_\_

Finance Officer

\_\_\_\_\_  
 City Manager

RUSH: Date required: \_\_\_\_\_

If check is for an emergency, City Manager must approve:

\_\_\_\_\_  
 City Manager

Hold check for pick-up: Checks are normally mailed by Finance Dept.

Name of employee responsible for delivering check:

\_\_\_\_\_

# **Budget Transfers Rules and Regulations**

Administrative Regulation

Approved: **April 1991**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 302

Revised effective 4-1-91

SUBJECT: BUDGET TRANSFERS RULES AND REGULATIONS

There are times when it may be necessary and appropriate to transfer a portion of budget appropriation from one account to another. When making a transfer, please submit a memo requesting the amendment, identifying “transfer from” account, amount of transfer and “transfer to” account.

Transfers can only be authorized by the Department Director when the following conditions exist.

- 1) The transfer is within the same fund.
- 2) Both the “transfer to” and “transfer from” accounts are under control of the same Department Director.
- 3) The amount to be transferred is rounded to the nearest \$100.
- 4) The transfer does not involve any grants or money used to match grants.

All budget transfers should be forwarded to Finance Officer for approval.

Should any of the above items not exist, then please discuss your proposed change with the Finance Officer prior to formally requesting the transfer.

Please note transfers will be made on a monthly basis by the fifth working day of the month. In addition, the transfers do not change the overall budget amounts.

Transfers within major categories are discouraged and may not be necessary if like item expenditures can be offset with savings on other line items within the same category.

# **Capital Outlay Rules and Regulations**

Administrative Regulation

Approved: **April 1991**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 303 revised

Revised effective 4-1-91

**SUBJECT: CAPITAL OUTLAY RULES AND REGULATIONS**

Capital Outlay refers to the purchase of land, building, and major improvements, machinery and equipment items which have an estimated useful life of two years or more and belong to one of the general classes of property commonly considered as fixed assets in accounting. As a working rule, an item which has an estimated life of two years or more, and a unit cost of \$500 or more, should be classified under an appropriate Capital Outlay account. Replacement or repair parts for Capital Outlay items should be charged to an appropriate materials and supplies account. Major remodeling or additions are charged to an appropriate Capital Outlay account. Replacement or repair parts for capital items should be charged to an appropriate maintenance and supplies object.

Charges to Capital Outlay accounts should include the costs of equipment, freight, installation costs and other expenses incurred in obtaining delivery and installation of the equipment. Also include the cost of accessories to the major item of equipment when included in the purchase price.

A copy of the invoice for Capital Outlays must be forwarded to the Accounting Supervisor who will add this item to "General Fixed Account Group".

Capital outlay equipment generally is considered to consist of items relatively high in cost and with long life. Following are some of the factors to be considered in determining Capital Outlay qualifications.

1. **COST:** The relative cost of the article should be considered. Generally speaking, an item with a unit cost of \$500 or more may be considered Capital Outlay equipment if the nature of the item, as shown by other detailed factors, indicates the item should be capitalized. This \$500 minimum, however, is not a strict and inflexible rule. It is merely one factor to be considered. The unit price of an item rather than the total cost of the purchase is the value to be used as the guide.
2. **LIFE:** The life of an equipment item should be more than two years. Items getting rough usage, such as cooking utensils, tools, etc., may last several years, yet they may chip, crack or break within a very short period of time. Therefore, such items are to be considered supplies. Items of small value which may have a relatively long life, such as shovels, tool boxes, scissors, etc., but are of small material value, should be classified as supplies.
3. **DURABILITY:** Items such as clothing, which depreciate rapidly, should be considered supplies.
4. **OTHER:** must be of solid construction

# **Accounts Receivable Rules and Regulations**

Administrative Regulation

Approved: **January 1995**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 304 revised

Revised effective: 1-19-95

SUBJECT: ACCOUNTS RECEIVABLE RULES AND REGULATIONS

Receivables are revenues collected by issuing billing. Since the City does not have a centralized billing process, Each department must ensure that billings are done accurately and on time, and that they are communicated to Finance in a timely manner.

**Types Of Receivables**

1. Building permits
2. Grant billing
3. Rent Stabilization fees
4. Alarm permits
5. Miscellaneous billing

**Responsibilities:**

**1. BUILDING PERMITS**

All building permit invoices are generated by entering a fee code related to the type of permit applied for in the Geo Base system. A new batch is created every morning and the cashier is informed of the batch number. Based on the codes used, a charge is created and an invoice is prepared for the customer in legible handwriting. The customer takes the invoice to the cashier to make payment for the amount due.

When the system is down, a note should be made on the invoice that it is a "manual" invoice. All manual invoices will be entered into the system, once the system is up. Manual invoices created for permits which cannot be entered into the system due to geographic location will be processed as miscellaneous revenue.

The cashier is responsible for closing out the batch created by the Building & Safety division every day.

**2. GRANT BILLING**

Prior to commencing any work on a program or project, a copy of the Grant award and terms of the contract which details the billing and reimbursement

process must be forwarded to the Finance Officer. The department in charge of the program or project cannot order work on the program or project until the terms of the contract are acceptable and approved by Finance

Finance will be informed when the work begins on a program or a project. Based on the terms of the contract, the department will initiate billing and forward all the supporting documents (if needed) to the Grant Accountant in Finance. All billings must be done in a timely manner so the City will recognize the revenue in the correct period.

All billings will be mailed to the responsible agency and will be recorded in the General Ledger by the Grant Accountant. A copy of the billing will be forwarded to the cashier and the Department initiating the billing.

The initiating Department is responsible for making sure that all billings are accurate and meet the requirements of the Grant Award.

The Grant Accountant will follow up on collection and ensure that all revenues are recorded to the proper accounts.

### **3. RENT STABILIZATION FEES**

At present, the Department of Rent Stabilization (RSD) is using their own system to initiate all billing. The Bank of Los Angeles has been assigned to receive all these payments which are deposited into a depository account. A report of the payments received is forwarded to RSD. RSD is also responsible for following up on outstanding receivables and assessing any penalties. The Cashier is informed of the deposit and an entry is made into the system through the Cash receipting system. RSD must inform the cashier to which account the revenue is to be recorded. RSD also must inform Finance of any outstanding receivables so revenues can be recognized in the proper period.

### **4. ALARM PERMITS**

Billings for alarm permits are initiated by the cashier through the Central Receivables System on the last day of the month. However, payments for new alarm permits are receipted directly into the miscellaneous cash receipting system. Payments received for the billings are applied to the invoice through the Central Receivables System.

### **5. MISCELLANEOUS BILLINGS**

Invoices generated for miscellaneous fees or charges are not processed through the general ledger system. Therefore, the issuing department must notify Finance of these transactions. To ensure proper collection of revenue, the invoicing department should forward following information to the cashier: revenue account, type of billing, service, fee, date of invoice, and due date.

# **Cashiering Operation Rules and Regulations**

Administrative Regulation

Approved: **April 1991**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 305 revised

Revised effective 4-1-91

**SUBJECT: CASHIERING OPERATION RULES AND REGULATIONS**

All cash receipts for the City are deposited to the Central Depository Account at the Bank of Los Angeles, However, cash receipts are processed through billing, satellite cashiering, and wire transfers.

Since wire transfers are done directly to our central depository account by the State, it will not be discussed in this section.

**PROCEDURES FOR SATELLITE CASHIERING**

The City has established satellite cashiering locations to make it convenient for the constituents. These locations are:

- a. Department of Transportation sells parking permits and bus passes.
- b. Department of Human Services collects money for facilities, recreation classes, bus passes, special events and for holding Farmers Market every Monday.
- c. Department of Rent Stabilization collects application fees.
- d. Department of Public Information collects film permit fees.

All above satellite locations are responsible for safeguarding the City's assets. Each Department is responsible for:

1. Assigning a bonded employee to act as its cashier.
2. Issuing a pre-numbered receipt for the fee collected. A copy of the receipt must be retained and submitted to Finance daily.
3. Indicating on the receipt the type of revenue the payment should be applied to, along with the proper revenue code.
4. Balancing daily cash collected with the total of all receipts.
5. Remitting all cash collections to the City's cashier daily.
6. Remitting checks over \$1,000 (or multiple checks) to the City's cashier to be deposited daily. Checks under \$1,000 (or multiple checks) must be deposited within five working days.
7. Obtaining City cashier's signature for the daily remittance of the collection.

# **Travel Reimbursement Procedures Rules and Regulations**

Administrative Regulation

Approved: **April 1991**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 306 revised

Revised effective 4-1-91

SUBJECT: TRAVEL REIMBURSEMENT PROCEDURES RULES AND  
REGULATIONS

The City of West Hollywood recognizes the constructive value of professional conferences, seminars, and meetings. To that end, the City provides travel funds for City officials, department directors, division managers, and other employees who attend such official events. This is recognized as “administrative” travel. However, in an effort to allow more employees to travel, while also keeping costs low, it is necessary to keep travel expenditures at a minimum.

Travel funds for out-of-state meetings will normally be provided only for City elected officials, department directors and division managers. Other employees may be provided with travel funds for conferences held within the State of California. Any exceptions shall be submitted to the City Manager for approval. Final travel approval shall come from the City Manager via a Travel Request form (attached), submitted near the actual date of travel.

Requests for additional travel funds will not normally be approved except in cases of emergency or other special situations. In such instances, requests must be routed through the Finance Division for City Manager approval.

**Per Diem and Computation**

Any officer or employee who is required or authorized by the Council or City Manager to travel in the discharge of his/her duties shall receive, in addition to his transportation and hotel accommodation expenses, a per diem allowance for each day or fraction thereof while so engaged on a trip lasting more than one day. For those City employees who elect to use actual versus per diem rate, reimbursement will be made up to \$80.00 per day.

Councilmembers/City Manager	\$50 per diem, or may elect actual expenses
Other employees	\$50 per diem

For trips of only one day, or when overnight lodging was not required, receipts must be submitted for expenses other than travel, and the employee will be reimbursed for either receipts or per diem, whichever is less.

Per diem shall be allowed or reimbursed for days actually spent on City business, for programmed days of a conference or meetings, and for time spent in travel by air. Per diem for time spent in travel other than by air, such as rail or automobile, must be approved by the City Manager. Per diem shall be computed for the days of the

conference attended and for travel days not to exceed one day before and after the conferences, and shall be allowed only if time and/or travel schedules prohibit travel at reasonable hours on the actual beginning and ending days of a conference.

Department directors may adjust per diem (not to exceed the maximum allowable) in instances (a) in which some or all meals are provided by the school or seminar or in the registration fee, or (b) in which the employee commutes to the conference from home. A similar adjustment may be made in departure/arrival times.

### **Transportation**

1. Travel by Air - All travel on City business by one employee outside the six county SCAG region and the City of Santa Barbara shall be by air unless the City Manager approves another mode of transportation. Reimbursement shall be calculated on the basis of the cost of travel by air using the shortest and most direct route. All air travel shall be booked at least a week in advance, when possible, so as to receive the lowest fares possible, other than night coach, which may be chosen by the individual but is not required. No air travel shall be first class. If two or more employees are traveling within a day's drive (no more than 4 hours), they should usually travel together, by car, instead of air.
2. Use of Private Vehicle - If a personal vehicle is used for travel, transportation allowance or reimbursement shall be based on the cost of air travel and transportation from the airport to the point of destination and return, or the current per mile rate allowed under IRS rules, whichever is less (see example below).

#### **Example:**

- Drive to Santa Barbara = 185 miles round trip
- Reimbursed \$.24 per mile =  $$.24 \times 185 = \$44.40$
- Air travel to Santa Barbara = \$101 round trip
- Transportation to conference from airport by Air Limo = \$13.00 round trip
- $\$101 + \$13 = \$114.00$

(\$44.40 < \$114.00, so the reimbursement is \$44.40)

3. Use of City-owned Vehicle - There shall be no allowance or reimbursement for transportation when a City-owned vehicle is used. However, any out-of-pocket expenses incurred in operating the vehicle shall be reimbursed. All receipts, including those acquired from the use of a City credit card, must be turned in upon return and charged to the proper department.

### **Hotel Accommodations**

All officers and employees shall either prepare a Request for Payment and receive funds in advance, be reimbursed for hotel accommodations, or by City credit card.

Reimbursable days for lodging requests should correspond to the foregoing travel policy regarding dates of arrival and departure. The expenses of local telephone calls and

official long distance calls, which are billed on the hotel statement, are allowed as hotel accommodation expenses.

### **Additional Allowance**

Authorized City officials and employees will be reimbursed for conference registration fees, vehicle parking expenses and, if travel is by air, transportation expenses at the point of destination to the hotel and for return from the hotel to the point of departure. The City Manager is authorized to make exceptions or restrictions in the above policy when such variations will be more economical to the City.

### **PROCEDURE**

The traveler should submit a travel request form to his/her Division Manager (under \$1,000) or Department Director (\$1,000 or over) and, if necessary, the City Manager, at least two weeks ahead of the scheduled trip. Once the trip is approved, the proper forms (explained below) must then be completed and forwarded to the Finance Division for processing.

#### **A. Travel Advance Requested**

Advance travel expenses for travel outside the metropolitan Los Angeles area should not be drawn from petty cash. Under emergency or special circumstances, it may be necessary to use a petty cash advance; however, this should be an exception and avoided whenever possible.

If an advance is approved by the Division Manager (under \$1,000) or Department Director (\$1,000 or over), the following procedure should be followed:

1. A Request for Payment form should be prepared indicating expenses for which funds are required.
2. Advance public transportation will usually be handled through a local travel bureau. Advance booking of air travel shall be expected so the City may take advantage of reduced rates. In most cases, the travel agency will bill the City directly. A Request for Payment should be processed in those instances where the warrants are to be made payable to the travel agency.
3. Advance hotel reservations (requiring deposit) and registration fees should be processed on a Request for Payment form(s) in those instances where the warrants are to be made payable to the hotel and/or the conference sponsor.
4. It is desirable that all Request for Payments pertaining to the scheduled trip be submitted to Finance at the same time.
5. Immediately upon return from a trip, the traveler should complete a Travel Expense form according to instructions found on the form and forward it to the Finance for processing.

6. If the form indicates that cash advances exceeded actual expenses, the traveler's personal check, made payable to the City, should accompany the submittal.
7. Where applicable, a reimbursing warrant will be issued to the traveler.

B. No Travel Advance Requested (Approved)

1. All expenses incurred by the traveler must be documented with receipts, except those covered by per diem.
2. Immediately upon return from a trip, the traveler should complete a Travel Expense form according to instructions found on the form and forward it to Finance for processing.
3. If the form indicates cash advances have exceeded actual expenses, the traveler's personal check, made payable to the City, should accompany the submittal.
4. Where applicable, a reimbursing warrant will be issued to the traveler.

C. Travel Expense Report

This report must be completed by all persons upon returning from travel within 5 working days and submitted to Finance.

**NOTE: WHEN TRAVEL IS REIMBURSED BY A GRANT, SPECIAL ARRANGEMENTS MUST BE MADE WITH THE FINANCE OFFICER TO ASSURE APPROPRIATE COMPENSATION.**

CITY OF WEST HOLLYWOOD  
TRAVEL REQUEST

NAME \_\_\_\_\_ DEPARTMENT \_\_\_\_\_

REASON FOR TRAVEL/CONFERENCE TITLE: \_\_\_\_\_

LOCATION: \_\_\_\_\_

DATES: \_\_\_\_\_

DATES OF TRAVEL: \_\_\_\_\_

ESTIMATED CONFERENCE EXPENSE

TRAVEL - AIR \$ \_\_\_\_\_

- Personal car @ \$.25/mile \_\_\_\_\_

- Other (specify) \_\_\_\_\_

HOTEL \_\_\_\_\_ nights @ \$ \_\_\_\_\_

PER DIEM \_\_\_\_\_

REGISTRATION \_\_\_\_\_

OTHER \_\_\_\_\_

TOTAL \$ \_\_\_\_\_

ADVANCE OF FUNDS  YES  NO Amount \$ \_\_\_\_\_

\_\_\_\_\_  
Traveler's signature

\_\_\_\_\_  
Department Director's/Division Head's Signature

Amount Budgeted \$ \_\_\_\_\_

\_\_\_\_\_  
Finance Director

Funds Available?  Yes  No  Per Diem  
 Actual Expenses

\_\_\_\_\_  
City Manager's Signature

\_\_\_\_\_  
Date

CITY OF WEST HOLLYWOOD  
TRAVEL EXPENSE REPORT

ASSOCIATION \_\_\_\_\_ WHERE \_\_\_\_\_

DATE ARRIVED \_\_\_\_\_ DATE DEPARTED \_\_\_\_\_

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Please itemize your expenses and return to the City within 7 days following the conference.  
Items directly paid by the City (either check or charge card) need not be reported on this form.

ADVANCE TRAVEL EXPENSE check # \_\_\_\_\_ \$ \_\_\_\_\_

TRAVEL EXPENSES:

Registration \$ \_\_\_\_\_

Transportation: plane, bus, train \$ \_\_\_\_\_

Mileage: \_\_\_\_\_ miles @ \$ \_\_\_\_\_ per mile \$ \_\_\_\_\_

Lodging: \_\_\_\_\_ nights @ \$ \_\_\_\_\_ \$ \_\_\_\_\_

PER DIEM OR ACTUAL EXPENSES:

PER DIEM

\_\_\_\_\_ X \$ \_\_\_\_\_ \$ \_\_\_\_\_  
number of days per diem rate

OR

ACTUAL (attach receipts)

Meals \$ \_\_\_\_\_

Miscellaneous and incidental \$ \_\_\_\_\_  
(list on reverse side)

TOTAL EXPENDITURES \$ \_\_\_\_\_

AMOUNT OF EXPENSES IN EXCESS OF ADVANCE \$ \_\_\_\_\_

AMOUNT OF ADVANCE IN EXCESS OF EXPENSES \$ \_\_\_\_\_

---

Approved by Finance Officer

Signature

Date

CITY OF WEST HOLLYWOOD  
MILEAGE REIMBURSEMENT CLAIM

TO: Finance Department

FROM: \_\_\_\_\_ Name  
 \_\_\_\_\_ Department

	Date: MM/DD/YY	Purpose of Trip/Destination	Parking	Total
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				

Employee's Signature: \_\_\_\_\_ Total Miles: \_\_\_\_\_ @ \$./mile.

Supervisor's Signature: \_\_\_\_\_ Total Reimbursement \$ \_\_\_\_\_

Department Director's Signature \_\_\_\_\_ To Account # \_\_\_\_\_

# **Internal Control Procedures Rules and Regulations**

Administrative Regulation

Approved: **April 1991**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 307 revised

Revised effective 4-1-91

SUBJECT: INTERNAL CONTROL PROCEDURES RULES AND REGULATIONS

**CASH RECEIPTS**

1. All persons receiving or disbursing cash are to be bonded.
2. All receipt of money is to be, whether received in the mail or over the counter, recorded in the cash register.
3. Cash Register Procedures:
  - a) The user must enter their own user I.D. number. It is not permitted to use some other I.D. number.
  - b) When checks are received, they are to be for the amount due only; that is, we are not in the check cashing business.
  - c) When a check is received, please validate it on the endorsement side of the check. If there is a document associated with the receipt, it is to be validated.
  - d) When an item is rung up and needs to be voided, the voided receipt must be signed by the Finance Officer.
3. Daily total of cash register is verified by Accounting Supervisor or division manager. That person is to compare the total deposit to total money in drawer, and the cash register control tape to the cash in the drawer.
4. Revenue from investments are to be scheduled in advance so that nonreceipt on due date can be promptly investigated.
5. Each day's receipts are deposited intact and promptly by the Finance Cashier.
6. A verifiable, duplicate deposit ticket is compared with cash receipts record by the Finance Officer or Accounting Supervisor.
7. Duplicate deposit tickets and the daily cash register control tapes are to be attached to the revenue transmittal sheet given to the Accounting Supervisor.

**CASH DISBURSEMENTS**

1. All disbursements (except petty cash) are to be made by pre-numbered check.

2. Voided checks are preserved and filed after appropriate mutilation. Checks voided for alignment purposes are to be destroyed on a regular basis after the canceled check control form is completed.
3. There shall be no:
  - a) Drawing checks payable to “Cash” or “Bearer”.
  - b) Signing checks in advance.
4. All checks require two signatures. The signature stamp of the Mayor is to be under lock control of the Finance Officer and is not to be used by other persons authorized to sign checks.
5. Checks are mailed directly after signing, and approval of the City Council, with no further access by employees who are responsible for their preparation.
6. All employees are paid by check.

### **ACCOUNTS PAYABLE**

1. Each department is responsible for verification and approval of invoices for payment. The department is then to prepare Demand for Payment and submit to the Finance Division.
2. Formal purchase orders are required for all purchases over \$500 for materials and supplies, capital outlay, and capital improvements. Purchase orders for contractual services are also required. The purchase order is to be encumbered before being issued.
3. Each department is to perform the following functions. Finance will double check where appropriate.
  - a) Comparison of quantities billed on the invoice with quantities listed on the purchase orders and shown as received by the receiving report.
  - b) Comparison of the prices, discounts, credit period, and terms of shipment per invoice with those specified on the corresponding purchase order.
  - c) Proof of clerical accuracy of the invoice with respect to extensions, footings, and deduction of discounts.

### **PURCHASES**

1. Serially numbered purchase orders are used for all purchases described in Number 3.
2. Purchase Order requests are sent to the Finance Division and used in the verification of invoices.
3. Formal purchase orders are required for all purchases over \$500 for materials and supplies, capital outlay, and capital improvements. Purchase orders for contractual services are also required. The purchase order is to be encumbered before being issued.

4. Purchases in excess of \$1,000 require approval of the City Manager.
5. Prices are established at the time of paying orders for goods to be manufactured to order, rather than placing such orders on an “advise price” basis.
6. A record of all open purchase orders is to be maintained.

### **PAYROLL**

1. Employees are paid by check.
2. Payroll checks are pre-numbered.
3. Voided checks are preserved and filed after appropriate mutilation. Checks voided for alignment purposes are to be destroyed on a regular basis after the canceled check control form is completed.
4. Clerical operations involved in preparation of the payroll are double-checked and verified by the Finance Officer before payroll distribution.
5. Each department is responsible for the accuracy of the time cards for all employees in the department. The department director is to sign time cards.
6. Each department is responsible for distributing paychecks for all the employees in the department. An assigned representative will pick up his/her department’s payroll checks from the City cashier. The checks will be available at 11:00 a.m. on the designated payday. Only persons with prior approval from Finance may receive his/her check earlier than the designated date.

### **POSTPAID CHECKS**

1. All postpaid checks must be approved by the City Manager and the Finance Officer.
2. A log of all postpaid checks issued is to be maintained by the Junior Accountant.

### **PETTY CASH**

1. Those who are responsible for the petty cash funds are to make sure, at all times, that the cash on hand plus receipts equals the authorized petty cash amount.
2. All disbursements from petty cash are to be supported with a receipt.
3. No single disbursement from petty cash is to exceed \$35 without approval from the Finance Officer.

# **Purchasing Procedures Rules and Regulations**

Administrative Regulation

Approved: **April 1991**

CITY OF WEST HOLLYWOOD  
ADMINISTRATIVE REGULATION

No. 308 revised

Revised effective 4-1-91

SUBJECT: PURCHASING PROCEDURES RULES AND REGULATIONS

**REQUEST FOR PURCHASE ORDER (RPO)**

A purchase order request form is used to inform the Finance Division of the needs of the department and to define the materials requested.

Requisitions should be prepared enough in advance of the date the goods will be needed to enable the Finance Division to secure competitive prices and the vendor to make delivery.

Purchase orders will be issued by the Finance Division only after receipt of a completed and approved RPO.

When a completed RPO and documentation is received by the purchasing office, a purchase order will be issued within five (5) working days.

The RPO must contain the following information:

Requisition Date - the date the requisition is written;

Account Number - the G/L account number to which the supplies, equipment or services will be charged;

Date Delivery Needed - a definite date by which delivery is needed. Substitutes such as "RUSH", "ASAP", etc., usually indicate poor planning on the part of the using department. Prepare far enough in advance so as not to create an emergency;

Ship To - to whom, and the address to which the goods are to be shipped;

Quantity and Unit - the quantity required such as EA. (each), DZ. (dozen), CS (case);

Description - a clear presentation of the item desired, including size, color, type, grade, etc. In case of formal and detailed specifications, separate sheets may be attached to the RPO;

Vendor Name - selected vendor name and vendor number if known;

Unit Price - price per unit.

Submit a completed RPO to the Finance Division. Retain a copy for the using department file. A bid worksheet must be submitted along with the RPO for amounts of \$500 or more.

If the amount of purchase is under \$500 division head approval is required, and is considered an open market purchase, subject to review by the Finance Division.

If the amount of purchase is \$500 to \$1,000, department head approval is required. A minimum of three (3) written or telephone quotations (informal) need to be submitted and will be reviewed (and periodically verified) by the Finance Division.

If chosen bidder is not the low bid, attach a brief explanation why the particular vendor is desired. Also, for regular services procured on a periodic basis, the serving of one bid (formal or informal) is required.

If the amount is between \$1,000 to \$5,000, City Manager approval is required and three (3) or more unadvertised (can be advertised at the Finance Division's discretion) informal written quotations, to be coordinated with the Finance Division, must be submitted.

If the amount is over \$5,000, City Council approval is required and must go through the formal bid process.

Open (or blanket) purchase orders are issued to vendors who supply small miscellaneous items, such as nuts and bolts, small printing jobs, or material that is purchased at varying times in small quantities. The purpose of the open purchase order is to eliminate individual billing for small amounts for those items not practical for the City to store. Open purchase orders are not to be used as a method to circumvent the use of a purchase order.

Open purchase orders are always issued for a specified maximum amount and term. When this amount is used up, a new purchase order must be issued for any excess purchases.

### **CENTRAL SUPPLY REQUISITION**

Stationery supplies necessary to the administrative functions of the City will be stored in a central store room and will be monitored by the Finance Division. To obtain standard stationery items and office supplies, submit a completed Central Supply Requisition approved by department or division head. Orders will be filled within 48 hours.

Office supplies not in the Central Supply inventory may be ordered through the purchasing office with an RPO. Any supplies purchased by other means will be paid for by the City Employee and considered their personal property.

