



A Tradition of Stewardship  
A Commitment to Service

Agenda Date: 2/10/2015

Agenda Placement: 10F

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Tracy Schulze - Auditor-Controller  
Auditor - Controller  
**REPORT BY:** Tracy Schulze, AUDITOR-CONTROLLER - 299-1733  
**SUBJECT:** County Purchasing Card Program

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### **RECOMMENDATION**

Auditor-Controller requests adoption of a resolution amending Section 6 of the Napa County Policy Manual adding a Procurement Card Policy (P-Card).

### **EXECUTIVE SUMMARY**

On August 13, 2013, the Board of Supervisors approved and authorized an addendum to the State of California Purchase Card Program Master Services Agreement with U.S. National Bank Association to administer a procurement card program for Napa County. In doing so, the Board also authorized a purchasing card "pilot" program to ensure policies and procedures could be developed with strong internal controls prior to implementation county wide. These procedures were developed by the Auditor-Controller and the Purchasing Manager, with review from County Counsel, Information Technology Services, Human Resources and the County Executive Office.

The Auditor-Controller is now requesting to begin rolling out the program to various departments in a phased-in approach, with the goal that every department and public agencies requesting to participate in the program will be trained and using the procurement cards by June 30, 2016.

### **FISCAL IMPACT**

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes

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Where is it budgeted?	All rebate revenues and associated costs regarding the Procurement Card Program are included in the Auditor-Controller's budget unit.
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Continued use of the p-card would allow for simplified and efficient procedures for the purchase of goods, registration fees, travel and lodging arrangements where appropriate, for all County departments.
Is the general fund affected?	Yes
Future fiscal impact:	All rebate revenues and associated costs regarding the Procurement Card Program will be included in the Auditor-Controller's budget unit.
Consequences if not approved:	The County would discontinue the Procurement Card Program. Employees would be required to use personal credit cards when necessary for work related expenses, especially those that are only obtained through on-line purchasing.

Additional Information:

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

On August 13, 2013, the Board of Supervisors approved and authorized an addendum to the State of California Purchase Card Program Master Services Agreement with U.S. National Bank Association to administer a procurement card program for Napa County. In doing so, the Board also authorized a purchasing card (p-card) "pilot" program to ensure policies and procedures could be developed with strong internal controls prior to implementation county wide. These procedures were developed by the Auditor-Controller and the Purchasing Manager, with review from County Counsel, Information Technology Services, Human Resources and the County Executive Office.

In summary, the procedures incorporate strict controls and training to minimize the risks; provides for transaction and cardholder dollar limits; prohibits specific transactions; and provides for continuous oversight, auditing and monitoring activities. The agreement with U.S. Bank includes customer service and support, a procedure for disputed transactions, fraud protection and a liability waiver program, prohibited transactions and a rebate program.

With over a year of using the card, staff has processed approximately 175 transactions split between the Purchasing Manager and the Auditor-Controller. The Purchasing Manager handled various requests from books at the library to office chairs and newspaper advertisements. The Auditor-Controller mainly provided services to County departments on travel requests and registration fees. In all cases, the use of the P-card eliminated County staff having to use their own personal credit card and then get reimbursed. This is not only more efficient, it is also more appropriate by not requiring staff to use personal funds for business expenses. In addition, having the P-card available during the earthquake emergency was extremely valuable, especially during the initial response phase. Expenses included reserving lodging for the inspectors, purchasing food for the responders and small items such as rain ponchos and flashlights.

Also over the course of this past year, staff has continuously reviewed and updated the procedures document to reflect more accurately the process of using the program. Most changes were very minor, with the exception of standardized claim forms for travel and the inclusion of fraudulent card use from the number being "stolen" in cyber space. This occurred once on each card, but was caught immediately by US Bank which provided confidence in the program monitoring and fraud protection services. The cards were immediately disabled and replaced, and no charges were incurred by the County.

In today's day of technology and electronic commerce, use of a P-card is more efficient and eliminates the limited option of County staff using personal credit cards. Several departments over the past few years have requested this alternate payment method as more business is being conducted through electronic purchases. The requests were mostly in the area of travel and training/conference expenses, but there are many other requests for common transactions (examples include publications, advertisements, library specific services) that only accept electronic based payments. In addition to many vendors only accepting credit card payments, many offer discounts, making the P-card a valuable tool for staff to more efficiently do business.

The Auditor-Controller is now requesting an amendment authorizing the implementation of the program to various departments and other public agencies in a phased-in approach and acceptance of the revised procedures. The first group will include Information Technology Services, Human Resources, the Library and LAFCO, with the goal that every department requesting to participate in the program will be trained and using the procurement cards by June 30, 2016.

#### **SUPPORTING DOCUMENTS**

- A . Resolution
- B . Exhibit A - Purchasing Card Procedures
- C . Redline of Draft Procedures from 8-13-13 Meeting

CEO Recommendation: Approve

Reviewed By: Helene Franchi