

Tuesday, November 18, 2014, 7:00 p.m.

City Council Chambers, 333 Civic Center Plaza

Web Site: www.ci.tracy.ca.us

Americans With Disabilities Act - The City of Tracy complies with the Americans with Disabilities Act and makes all reasonable accommodations for the disabled to participate in Council meetings. Persons requiring assistance or auxiliary aids should call City Hall (209/831-6000) 24 hours prior to the meeting.

Addressing the Council on Items on the Agenda - The Brown Act provides that every regular Council meeting shall provide an opportunity for the public to address the Council on any item within its jurisdiction before or during the Council's consideration of the item, provided no action shall be taken on any item not on the agenda. Each citizen will be allowed a maximum of five minutes for input or testimony. At the Mayor's discretion, additional time may be granted. The City Clerk shall be the timekeeper.

Consent Calendar - All items listed on the Consent Calendar are considered routine and/or consistent with previous Council direction. A motion and roll call vote may enact the entire Consent Calendar. No separate discussion of Consent Calendar items will occur unless members of the City Council, City staff or the public request discussion on a specific item at the beginning of the meeting.

Addressing the Council on Items not on the Agenda - The Brown Act prohibits discussion or action on items not on the posted agenda. Members of the public addressing the Council should state their names and addresses for the record, and for contact information. The City Council's Procedures for the Conduct of Public Meetings provide that "Items from the Audience" following the Consent Calendar will be limited to 15 minutes. "Items from the Audience" listed near the end of the agenda will not have a maximum time limit. Each member of the public will be allowed a maximum of five minutes for public input or testimony. However, a maximum time limit of less than five minutes for public input or testimony may be set for "Items from the Audience" depending upon the number of members of the public wishing to provide public input or testimony. The five minute maximum time limit for each member of the public applies to all "Items from the Audience." Any item not on the agenda, brought up by a member of the public shall automatically be referred to staff. In accordance with Council policy, if staff is not able to resolve the matter satisfactorily, the member of the public may request a Council Member to sponsor the item for discussion at a future meeting. When members of the public address the Council, they should be as specific as possible about their concerns. If several members of the public comment on the same issue an effort should be made to avoid repetition of views already expressed.

Presentations to Council - Persons who wish to make presentations which may exceed the time limits are encouraged to submit comments in writing at the earliest possible time to ensure distribution to Council and other interested parties. Requests for letters to be read into the record will be granted only upon approval of the majority of the Council. Power Point (or similar) presentations need to be provided to the City Clerk's office at least 24 hours prior to the meeting. All presentations must comply with the applicable time limits. Prior to the presentation, a hard copy of the Power Point (or similar) presentation will be provided to the City Clerk's office for inclusion in the record of the meeting and copies shall be provided to the Council. Failure to comply will result in the presentation being rejected. Any materials distributed, including those distributed within 72 hours of a regular City Council meeting, to a majority of the Council regarding an item on the agenda shall be made available for public inspection at the City Clerk's office (address above) during regular business hours.

Notice - A 90 day limit is set by law for filing challenges in the Superior Court to certain City administrative decisions and orders when those decisions or orders require: (1) a hearing by law, (2) the receipt of evidence, and (3) the exercise of discretion. The 90 day limit begins on the date the decision is final (Code of Civil Procedure Section 1094.6). Further, if you challenge a City Council action in court, you may be limited, by California law, including but not limited to Government Code Section 65009, to raising only those issues you or someone else raised during the public hearing, or raised in written correspondence delivered to the City Council prior to or at the public hearing.

CALL TO ORDER

PLEDGE OF ALLEGIANCE

INVOCATION

ROLL CALL

PRESENTATIONS - Tracy High Bulldog Jerseys
- Certificates of Appointment and Recognition – Transportation Advisory
Commission
- D.A.R.E Graduates

1. ITEMS FROM THE AUDIENCE
2. CONDUCT A PUBLIC HEARING AND RECEIVE TESTIMONY REGARDING THE RENEWAL OF THE DOWNTOWN TRACY PROPERTY AND BUSINESS IMPROVEMENT DISTRICT AND ADOPT A RESOLUTION OF FORMATION
3. RECEIVE PRESENTATION AND PROVIDE DIRECTION ON THE PRELIMINARY DESIGN FOR THE JOE WILSON POOL RECONSTRUCTION
4. REVIEW AND APPROVE THE SENIOR LINK-TRACY PROGRAM
5. AUTHORIZATION TO NEGOTIATE A DEVELOPMENT AGREEMENT WITH BATES STRINGER VENTURES, INC., RELATED TO LANDS OWNED BY BATES STRINGER VENTURES INC., LOCATED AT 25380 LAMMERS ROAD, APPLICATION DA 14-0001
6. REJECT BIDS FOR THE CIVIC CENTER WATER TOWER REPAINTING - CIP 71080, AND UPDATE THE SCOPE OF WORK TO INCLUDE STRUCTURAL SAFETY IMPROVEMENTS FOR CONSIDERATION IN THE FY 2015/16 BUDGET
7. ACCEPT STATUS REPORT ON THE CITY'S INTERNAL CONTROL WORK PLAN
8. ITEMS FROM THE AUDIENCE
9. CITY MANAGER'S REPORT
 - A. Receive and Accept the City Manager's Informational Update
10. COUNCIL ITEMS
11. ADJOURNMENT

AGENDA ITEM 2

REQUEST

CONDUCT A PUBLIC HEARING AND RECEIVE TESTIMONY REGARDING THE RENEWAL OF THE DOWNTOWN TRACY PROPERTY AND BUSINESS IMPROVEMENT DISTRICT AND ADOPT A RESOLUTION OF FORMATION

EXECUTIVE SUMMARY

Staff is requesting that City Council conduct a public hearing and receive testimony regarding the renewal of the Downtown Tracy Property and Business Improvement District (the "District"). If a majority protest does not exist, there is sufficient support for the City Council to impose the assessments and adopt a resolution of formation to renew the District.

DISCUSSION

On September 16, 2014, City Council adopted a Resolution of Intent declaring the City's intention to renew a Property and Business Improvement District known as the "Downtown Tracy Community Benefit District" (the "District"). Pursuant to Government Code Section 53753, notices were sent by mail on September 30, 2014, to record owner of each identified parcel in the proposed District. Each notice included the total amount of the proposed assessment chargeable to the entire District, the amount chargeable to the record owner's parcel, the duration of the payments, the reason for the assessment and the basis upon which the amount of the proposed assessment was calculated, and the date, time, and location of the public hearing on the proposed assessment. Each notice also included a summary of the procedures for the completion, return and tabulation of the assessment ballots, including a statement that the assessment shall not be imposed if the ballots submitted in opposition to the assessment exceed the ballots submitted in favor of the assessment, with ballots weighted according to the proportional financial obligation of the affected property.

Each notice also included a ballot where the person returning the ballot may indicate his or her name, a reasonable identification of the parcel, and his or her support or opposition to the proposed assessment. All ballots may be received up until the close of the public hearing. All ballots are to remain sealed until the tabulation of the ballots.

The public hearing has been duly noticed to be conducted on November 18, 2014, at 7:00 p.m. or as soon thereafter as the matter may be heard in the Council Chambers of City Hall located at 333 Civic Center Plaza, Tracy, CA. At the public hearing, the City Council shall consider all objections or protests, if any, to the proposed assessment. At the public hearing, any person shall be permitted to present written or oral testimony.

At the conclusion of the public hearing, the City Clerk shall tabulate the assessment ballots submitted in support of, or opposition to, the proposed assessment. A majority protest exists if the assessment ballots submitted in opposition to the proposed assessment exceed the assessment ballots submitted in favor, weighing those

assessment ballots by the amount of the proposed assessment to be imposed upon the identified parcel for which each assessment ballot was submitted. If there is a majority protest against the imposition of the assessment, the City Council shall not impose the assessment. If there is not a majority protest, then the City Council may impose the assessment by adopting a resolution of formation.

Pursuant to Section 36625 of the Streets and Highways Code, the resolution of formation must contain the following:

- a) A brief description of the proposed activities and improvements, the amount of the proposed assessment, a statement as to whether the assessment will be levied on property within the District, a statement about whether bonds will be issued, and a description of the exterior boundaries of the District;
- b) The number, date of adoption, and title of the resolution of intention;
- c) The time and place where the public hearing was held concerning the establishment of the District;
- d) A determination regarding any protests received. The City shall not establish the District or levy assessments if a majority protest was received;
- e) A statement that the properties or businesses in the District established by the resolution shall be subject to any amendments to this part;
- f) A statement that the improvement and activities to be provided in the District will be funded by the levy of the assessments;
- g) A finding that the property within the area of the District will be benefited by the improvements and activities funded by the assessments proposed to be levied.

Following adoption of the resolution of formation the City Clerk shall record a notice and an assessment diagram pursuant to Section 3114 of the Streets and Highways Code. Adoption of the resolution of formation and recordation of the notice and map shall constitute the levy of an assessment in each of the fiscal years referred to in the management district plan.

STRATEGIC PLAN

This agenda item supports the Economic Development Strategic Plan's goal of attracting retail and entertainment uses that offer resident's quality dining, shopping, and entertainment experiences, and specifically implements the following objective:

Objective 2c: Collaborate with and support the Tracy City Center Association (TCCA) in an effort to increase the drawing power of Downtown.

FISCAL IMPACT

There is a fiscal impact in the amount of \$24,359 to the City's General Fund to cover the assessments of the City owned parcels. If City Council adopts the resolution of formation then this appropriation will be made as part of the FY15-16 budget.

RECOMMENDATION

It is recommended that City Council:

1. Conduct a public hearing and receive testimony regarding the renewal of the Downtown Tracy Property and Business Improvement District and if the weighted returned ballots support District formation to:
2. Adopt the resolution of formation to renew the Downtown Tracy Property and Business Improvement District.

Prepared by: Amie Mendes, Economic Development Analyst

Reviewed by: Andrew Malik, Development Services Director
Maria A. Hurtado, Assistant City Manager

Approved by: Troy Brown, City Manager

RESOLUTION _____

RESOLUTION OF FORMATION OF THE CITY OF TRACY TO RENEW A PROPERTY AND BUSINESS IMPROVEMENT DISTRICT KNOWN AS THE "DOWNTOWN TRACY COMMUNITY BENEFIT DISTRICT"

WHEREAS, The Property and Business Improvement District Law of 1994 (California Streets and Highways Code Sections 36600 et seq.) authorizes cities to establish property and business improvement districts for the purpose of levying assessments on real property for certain purposes; and

WHEREAS, A petition has been filed by property owners in Downtown Tracy's business community who will pay more than fifty percent of the total amount of assessments to be levied, requesting the City Council to renew the Downtown Tracy Community Benefit District (the "District"); and

WHEREAS, The Improvements and Activities of the District are based upon five general areas including District Identity, Business Attraction, Sidewalk Operations, Administration/Corporate Operations, and Contingency-Parking Lot Maintenance; and

WHEREAS, The amount of the assessment for the District is \$148,064; and

WHEREAS, The assessment will be levied upon all benefiting properties located within the District; and

WHEREAS, Bonds will not be issued by the District; and

WHEREAS, The exterior boundaries of the District are described and illustrated in the Management District Plan (the "District Management Plan"), which is on file with the City Clerk and which is incorporated by reference as though fully set forth herein; and

WHEREAS, Resolution 14-163, "Resolution of Intention of the City of Tracy Declaring its Intent to Renew a Property and Business Improvement District known as the 'Downtown Tracy Community Benefit District'", was adopted on September 16, 2014; and

WHEREAS, A public hearing concerning the establishment of the District was held on November 18, 2014, at 7:00 p.m. or as soon thereafter as the matter could be heard in the Council Chambers of City Hall located at 333 Civic Center Plaza, Tracy, CA; and

WHEREAS, A majority protest was not received; and

WHEREAS, The properties in the District established by this resolution shall be subject to any amendments to Section 36625 of the Streets and Highways Code; and

WHEREAS, The activities and improvements to be provided in the District will be funded by the levy of the assessments.

NOW THEREFORE, BE IT RESOLVED,

Section 1. The City Council hereby finds and determines that the above recitals are true and correct and incorporated herein by this reference.

Section 2. The City Council hereby finds and determines that the property within the area of the District will be benefited by the improvements and activities funded by the assessments proposed to be levied.

Section 3. The City Council hereby authorizes and directs the City Clerk to record a notice and assessment diagram pursuant to Section 3114 of the Streets and Highways Code.

Section 4. The City Council hereby finds and determines that the adoption of this resolution of formation and recordation of the notice and map by the City Clerk shall constitute the levy of an assessment in each of the fiscal years referred to in the District Management Plan.

The foregoing Resolution _____ was passed and adopted by the Tracy City Council on the 18th day of November, 2014, by the following vote:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

INTERIM CITY CLERK

AGENDA ITEM 3

REQUEST**RECEIVE PRESENTATION AND PROVIDE DIRECTION ON THE PRELIMINARY DESIGN FOR THE JOE WILSON POOL RECONSTRUCTION**EXECUTIVE SUMMARY

On June 17, 2014, Council approved the use of \$3.5 million for the reconstruction of the Joe Wilson Pool. On August 19, 2014, Council approved a Professional Services Agreement with RJM Design Group Inc., for design and construction management services for the Joe Wilson Pool Renovation Project (CIP 78152). A timeline for design and construction was developed and included two public meetings to gather input on the design from the community. The input received from the meetings was used to refine the design to its current iteration presented in this report.

DISCUSSION

On June 17, 2014, as part of the approval of the City's FY14/15 Budget, Council approved the use of \$3.5 million for the reconstruction of the Joe Wilson Pool. This would serve as one piece toward addressing the community's aquatic needs.

On August 19, 2014, Council approved a Professional Services Agreement with RJM Design Group Inc., for design and construction management services for the Joe Wilson Pool Renovation Project (CIP 78152). The timeline for completion of the Joe Wilson Pool reconstruction was originally scheduled for spring 2016. Since then, RJM Design Group and staff revised the timeline as follows:

DATE	MILESTONE	STATUS
10/02/14	Collect Site Survey information	Completed
10/07/14	Preliminary Design meeting with staff	Completed
10/22/14	1 st Public Workshop to receive input on preliminary design	Completed
11/06/14	2 nd Public Workshop @ Parks Commission	Completed
11/18/14	Design presented to City Council	Scheduled
01/06/15	Final City Council Approval w/ complete construction pkg	Scheduled
01/13/15	Invitation for Bids (IFB) Released	Scheduled
03/03/15	Award Contract	Scheduled
04/01/15	Begin Construction (5 months)	Scheduled
Aug 2015	Construction Complete	Scheduled
Labor Day 2015	Grand Opening	Planned

On October 22, 2014, staff and the Consultant conducted a public workshop to receive community feedback on the preliminary pool design options. Approximately 20 people

attended the workshop. In general, comments and feedback were focused on topics such as parking, programming, depth of lesson pool, storage of equipment, and having enough shade for patrons. Based on the feedback received at that meeting, a revised design was created and presented for commissioner and public feedback at the November 6, 2015 Parks Commission meeting.

There were approximately 15 attendees at the November 6th Parks Commission meeting. The revised design addressed a majority of the concerns brought up at the first public meeting. The revised design was a 6 lane lap pool with 2 diving boards that was 12 feet deep at one end and 3.5 feet deep at the other. The pool would connect into a smaller pool that would be 3 feet deep at one end and slope up to a zero depth entry. The existing shade canopies would be relocated onsite and an additional shade structure would be added at the west end of the facility. The design of the inside of the building would remain the same from the initial concept, with the relocation of the showers and the relocation of the ADA accessible toilets facilities. In addition there would be additional parking that would connect the two onsite parking lots creating a total of 76 onsite parking spaces, up from the existing 41 spaces currently onsite. It was also proposed that the berm located at the park be removed as part of the project. The revised concept also showed room for an optional splash pad within the pool area. This was listed as an option only, though, because it would cost an additional \$300,000 and cause the project to be over budget.

The revised design was well received by both the commissioners and the public. Comments and feedback on the revised design were focused on not removing the berm and instead, increasing the depth of the shallow end of the lap portion of the pool from three and a half feet to four feet and adding an a seventh lane in the lap portion of the pool. It was also commented that perhaps some piping for a future splash pad could be installed either within the fenced pool area or to a separate location in the park.

While many have viewed the berm in Dr. Powers Park as unnecessary, there were comments regarding its relevance to the pool project. It is not connected to the pool itself and could be removed with no impacts, however, various commissioners and members of the public expressed that money saved from not removing the berm could be better spent on the pool facility itself.

The comments regarding the pool itself focused primarily on programming use. While a shallow end of 3.5 feet is acceptable, it was asked if the depth could be changed to 4 feet in order to make it a little deeper for taller people who may be doing flip turns while swimming laps. Additionally, while uncommon to have a 7 lane pool, it was suggested that by adding an additional lane, it would allow for a little more programming as well as a place for users to swim laps during other programming such as recreational swimming or swim lessons.

The cost for removal of the berm and installation of irrigation to that area is approximately \$75,000 - \$85,000. After doing some analysis, the cost to increase the depth of the shallow end of the lap portion of the pool would cost approximately \$20,000 - \$25,000 and the cost to add a seventh lane would be approximately \$140,000. By not

removing the berm, some of the savings could be used toward increasing the depth of the shallow end of the pool while still remaining within budget. Adding a seventh lane to the pool would cause the project to go over budget, regardless of the berm being removed or not.

Even though the splash pad option was not recommended due to the cost exceeding the budget, there was discussion surrounding whether or not it should be located inside the pool facility, or outside the facility in the park. One side favored having a splash pad in the pool facility as a way to attract more people into the pool. Those who favored having the splash pad outside of the pool area wanted to be able to have a free option for the community.

As stated earlier, the cost for a splash pad, whether inside or outside of the pool facility, is approximately \$300,000 in construction costs. This cost would not include any associated costs from City staff for design, engineering, or contingencies. A splash pad does not have to be connected to the pool infrastructure and could be a standalone project that is added at a later date. However, if located inside the pool area as shown in Exhibit A, there would need to be some pipe installed and sloping of the deck during the construction of this project in order to prohibit tearing up the deck later to install a splash pad. It is estimated that making the necessary improvements to install the splash pad in the location shown in Exhibit A at a future date would cost at least \$25,000. There is no allowance in the current budget for that improvement. Additionally, a splash pad could be installed in the turf area of the pool facility at a later date as well without having to spend money on its infrastructure now. A separate CIP could be developed for a splash pad at Dr. Powers Park as part of the budget process for FY 2015/16.

After discussion from the public, the Parks Commission recommended that the design presented be used with the following changes in the following priority:

1. Do not remove the berm.
2. Increase the depth of the shallow end of the lap portion of the pool to 4 feet deep.
3. Add a seventh lane to the lap portion of the pool.
4. Lay pipe to be capped off for a future splash pad expansion (being inside or outside the facility to be determined)

The final preliminary design presented in this report, and attached as Exhibit A, shows the addition of an optional seventh lane as well as the optional splash pad. By going with the recommendation of the Parks Commission and accepting changes 1, 2 as listed above, the project will be able to remain within the allotted budget.

The next step is to complete the engineering design drawings for the facility. Staff anticipates that the complete design and construction package will be ready for bid in early January 2015; construction is expected to start in April 2015. Construction should take approximately five months to complete. While it is not possible to open the pool at the beginning of the 2015 summer season, it may be possible to open the pool by late summer. This revised schedule is six months than previously projected in order to complete construction in 2015.

STRATEGIC PLAN

This is a routine operational item and is not related to the Council's Strategic Plans.

FISCAL IMPACT

The approved budget for this project is \$3.5 million. The design option presented in Exhibit A, with changes 1, 2 listed above as recommended by the Parks Commission, can be built within the approved budget. Any additional elements, such as a splash pad, would require additional funds to be identified and appropriated to CIP 78152.

Below is a table that shows the total amount of money to date for the Aquatics CIP Project.

AQUATICS CIP PROJECT	
FUNDING SOURCES	AMOUNT
General Fund	\$1,900,000
Plan C	\$2,756,000
South MacArthur	\$138,800
ISP South	\$231,500
Presidio	\$114,700
Kagehiro	\$310,000
Ellis Development Contribution (YTD)	\$2,000,000
Funding Source Subtotal	\$7,451,000
EXPENSES YTD	AMOUNT
Planning and Design	\$1,080,323
Overhead	\$30,157
Transfers (Fund 301)*	\$1,900,000
Expenses Subtotal	\$3,010,480
AVAILABLE BUDGET	\$4,440,520

*For the Joe Wilson Pool Reconstruction Project, \$1.9 million was transferred to CIP 78152, and the additional \$1.6 million came from the Fund Balance. This was approved by Council as part of the FY 2014/15 budget.

RECOMMENDATION

That City Council receive the presentation and provide direction on the preliminary design for the reconstruction of the Joe Wilson Pool.

Prepared by: Ed Lovell, Management Analyst II
Andrew Malik, Director of Development Services

Reviewed by: Maria A. Hurtado, Assistant City Manager

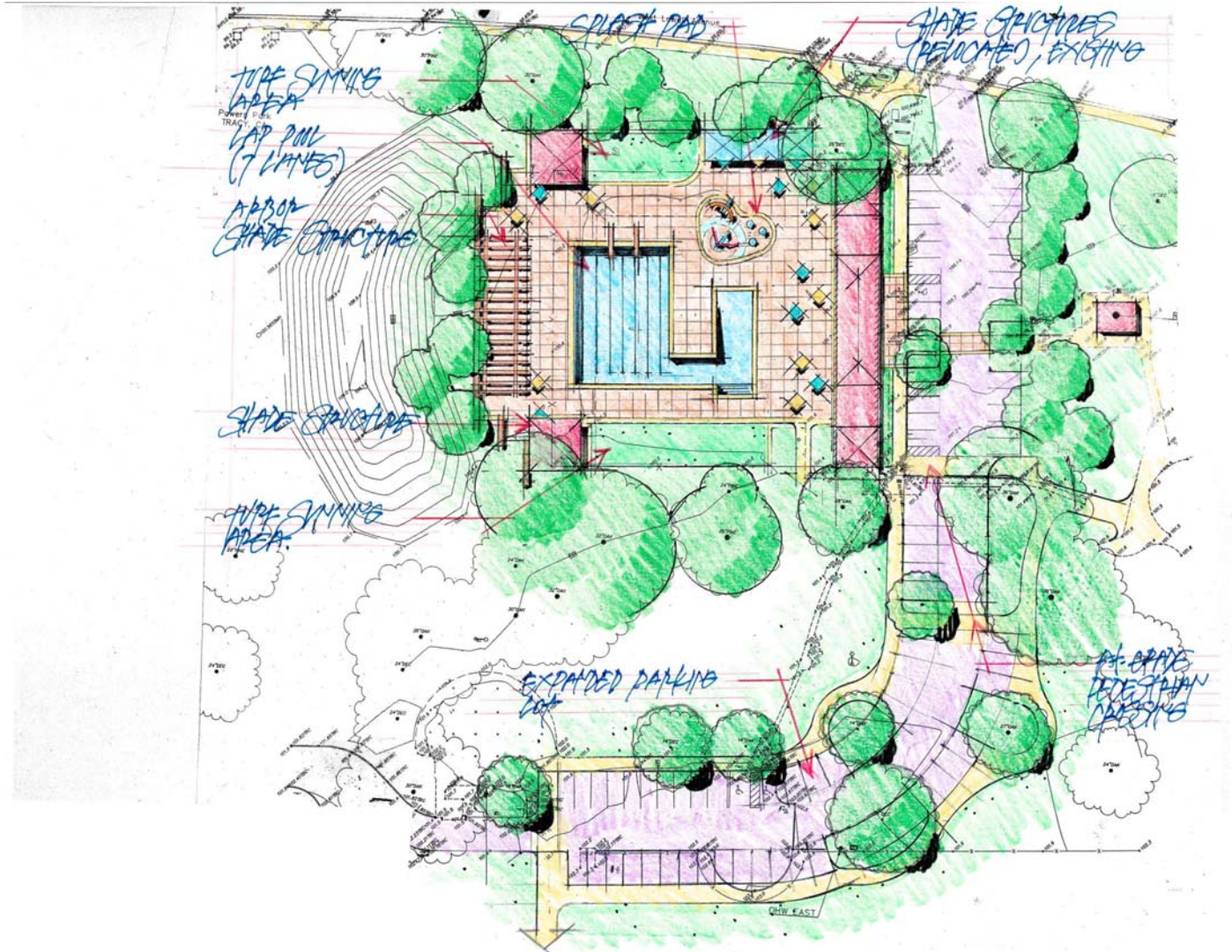
Approved by: Troy Brown, City Manager

ATTACHMENTS

Exhibit A - Final Preliminary Design and Associated Costs

EXHIBIT A

Preliminary Design Plan



PRELIMINARY DESIGN PLAN BUDGET

General Conditions	\$ 60,000
Demolition/Grading	\$ 150,000
Utility Work	\$ 100,000
Pools	\$ 900,000
Building Renovation	\$ 600,000
Site Work	\$ 800,000
Contingencies	\$ 525,000
Engineering	\$ 350,000
	<u>\$3,485,000</u>

Optional Splash pad	\$ 300,000
---------------------	------------

AGENDA ITEM 4

REQUEST

REVIEW AND APPROVE THE SENIOR LINK-TRACY PROGRAM

EXECUTIVE SUMMARY

On September 16, 2014, Council directed staff to outline a process for senior citizens in Tracy to voice their concerns and needs on issues that impact them directly. Additionally, Council requested that the Parks and Community Services Commission assist with developing a process to collect input from seniors from a broader perspective.

DISCUSSION

On September 16, 2014, Council received a staff report that included an update on the current and future needs of senior citizens in Tracy based on the results from the Community Conversations. Council directed staff to recommend a formal process for senior citizens in Tracy to voice their concerns and needs on issues that impact them directly. Council also requested that the Parks and Community Services Commission determine their role and the process that would assist in the collection of senior concerns and how they would be addressed.

To address Council's direction, staff has developed the following program: Senior Link–Tracy, which will provide a process and an opportunity for senior citizens in Tracy to voice their concerns, share their needs and identify resources that will assist them in living a full, vibrant and independent life with access to agencies and service providers that specialize in senior needs. "Attachment A" is the postcard that will be used to market the Senior Link–Tracy program. The postcards will be mailed to residents throughout the community.

Additionally, staff has created the Local Senior Services and Resources Guide "Attachment B." The guide includes various local agencies that provide seniors access to a wide array of opportunities and assistance. The Senior Services and Resources guides are located at the Lolly Hansen Senior Center, City facilities, City website and throughout the community.

Using various media outlets, staff will market the Senior Link-Tracy program and Local Senior Services and Resources Guide at locations including the Lolly Hansen Senior Center, City facilities and other locations where seniors gather. Marketing efforts will also include reaching out to non-profits and other organizations that provide services to seniors.

The Parks and Community Services Commission's Community Involvement subcommittee met on October 20, 2014. The subcommittee discussed how they will meet their goal to increase the Commission's visibility in the senior community. The Commission will meet their goal by:

- Hosting a special meeting three times a year during the day at the Lolly Hansen Senior Center, Transit Station and Library to gather information from seniors on current needs and concerns. Based on the information received, the Commission will provide staff with the recommended action steps to address their concerns.
- Over the next six months the Commission will schedule presentations with various service groups in the Tracy community. These presentations will include the role of the Parks and Community Services Commission, information on the Senior Link-Tracy Program, Local Senior Services Resources Guide, and the opportunity for feedback and questions. Local service groups may include: Sunrise Rotary, Noon Rotary, Tracy Breakfast Lions Club, Loyal Order of Moose Lodge, Tracy Elks Lodge, Soroptimist International of Tracy, Westside Pioneers and various community organizations.
- Over the next year the Commission will be present at local community events and City events such as the Community Health & Wellness Fair and Senior Center Open House & Resource Fair.

Staff will provide annual updates to the Council on the effectiveness of the Senior Link-Tracy program, and report on the findings of the Parks and Community Services Commission activities to engage seniors that they will commence over the coming months.

STRATEGIC PLAN

This agenda item supports the Council Strategic Priority Quality of Life Strategy, specifically:

Goal 1: Improve current recreation and entertainment programming & services to reflect the community and match trending demands.

FISCAL IMPACT

Approval of this item has no impact to the General Fund at this time. Staffing for the Senior Link–Tracy program is estimated at \$6,350 and is provided in the existing Fiscal Year 2014/2015 Senior Budget. Approximately, \$600 for printing flyers and marketing will be absorbed by the Fiscal Year 2014/2015 Senior Budget.

RECOMMENDATION

That City Council approves the Senior Link-Tracy program.

Agenda Item 4
November 18, 2014
Page 3

Prepared by: Jolene Jauregui, Recreation Services Supervisor

Reviewed by: Kim Scarlata, Division Manager II
Maria A. Hurtado, Assistant City Manager

Approved by: Troy Brown, City Manager

ATTACHMENTS

Attachment A – Senior Link-Tracy Program Postcard

Attachment B – Local Senior Services and Resources Guide



The Senior Link Specialist is available

Monday, Wednesday and Friday from 12:00 p.m. to 3:00 p.m.

Please call to schedule your appointment



Senior Link-Tracy

Assisting Senior Citizens in living a full, vibrant and independent life with access to information, local agencies and service providers

Need help finding services?

Senior Housing

In-Home Care

Transportation Services

Discount Services

Health Services

Volunteer Opportunities

Our Senior Link Specialist will help you!



Lolly Hansen Senior Center
 375 East 9th St.
 (209) 831-4230
 Monday - Friday
 8:30am to 4:00pm
www.ci.tracy.ca.us

San Joaquin County Services

Adult Protective Services (APS) (209) 468-3780
 County Ombudsman Program (209) 468-3785
 Department of Aging (800) 510-2020
 El Concilio (209) 820-5900
 Elder Abuse Hotline (209) 468-3780
 Elder Fraud Hotline (888) 800-4800
 www.sjchsa.org
 Older Adult Services (209) 468-3760
 www.sjaging.com
 Regional Transit District (RTD) (800) 469-8674
 (209) 943-1111
 www.sanjoaquinrtd.com
 Stockton San Joaquin County Public
 Library Tracy Branch (209) 937-8221
 Tracy Worknet Center (209) 831-5002

State & Federal Services

California Highway Patrol (209) 835-8920
 Department of Motor Vehicles (800) 777-0133
 Disability Insurance (800) 480-3287
 Spanish: (866) 658-8846
 HICAP (916) 375-3762
 Email: mreilly@lsnc.net
 Medi-Cal (209) 468-1000
 www.sjgov.org/hsa/medi-cal
 Social Security Administration (866) 772-1213
 www.socialsecurity.gov

Get Connected

City Council

1st & 3rd Tuesday of each month at 7:00pm
 City Hall, 333 Civic Center Plaza
 council@ci.tracy.ca.us

Parks and Community Services Commission

1st Thursday of each month at 7:00pm
 City Hall, 333 Civic Center Plaza
 parks@ci.tracy.ca.us

Planning Commission

2nd & 4th Wednesday of each month at 7:00pm
 City Hall, 333 Civic Center Plaza
 desdirector@ci.tracy.ca.us

Tracy Arts Commission

2nd Tuesday of each month at 7:00pm
 Grand Theatre Center for the Arts
 715 Central Avenue
 boxoffice@ci.tracy.ca.us

Transportation Advisory Commission

2nd Thursday of each month at 7:00pm
 Tracy Transit Station
 50 East 6th Street
 parks@ci.tracy.ca.us

San Joaquin County Commission on Aging

1st Monday of each month at 1:30pm
 Human Services Agency
 102 S. San Joaquin Street, Stockton
 aging_ia@co.san-joaquin.ca.us

*Information Subject to Change
 Various Services Subject to Fees

** The City of Tracy only provides information
 for non-profit organizations.

Local Senior Services & Resources



Lolly Hansen Senior Center

Hours of Operation
 Monday - Friday
 8:30am to 4:00pm

375 East 9th Street
 (209) 831-4230



Think Inside the Triangle™

Recreation Division
 333 Civic Center Plaza
 (209) 831-6200

Monday-Thursday 8:00am to 6:00pm
 Every other Friday 8:00am to 5:00pm
 www.ci.tracy.ca.us

City Services

Recreation Division (209) 831-6200
 Tracy Police Department (209) 831-6550
 Tracy Fire Department (209) 831-6700
 Public Works Main (209) 831-6300
 www.ci.tracy.ca.us

Email: publicworks@ci.tracy.ca.us

Reasons to Contact Public Works

Streets • Potholes • Street Signs • City Trees •
 Street Sweeping • Illegal Dumping • Sidewalks
 • Water & Sewer Maintenance • LMD • Parks
 • Sports Facilities • Transit/Airport • Recycling
 & Solid Waste • Facility Rentals • City
 Buildings • Graffiti Abatement • Street Lights

3 Ways to Report a Problem:

Download: GORquest App

Call: (209) 831-6300

After Hours non-emergency
 (209) 831-6550
 Water (209) 831-6000
 Garbage (209) 835-0601

Email:
 publicworks@ci.tracy.ca.us

TRACER Para-Transit (209) 831-4287

Office Hours:
 Monday - Friday 7:00am to 8:00pm
 Saturday 9:00am to 7:00pm
 Sunday No Service
 (Closed most holidays)

Discounted Services

California Lifeline Program

English: (866) 272-0349

Spanish: (866) 272-0350

City of Tracy (Program Scholarships)

(209) 831-4230

City of Tracy Finance and Administration Department (Water, Sewer & Garbage)

Phone: (209) 831-6800

Fax: (209) 831-6846

customerservice@ci.tracy.ca.us

Ask for LIRA Application

Community Partnership for Families of San Joaquin County – Volunteer Income Tax Assistance

(209) 444-4125

www.cpfjsj.org

Safety Services

Are you Okay? Program

(209) 831-6614

Neighborhood Watch

(209) 831-6682

S.A.F.E. (Smoke Alarm for Every HOME)

(209) 831-6700

Vial of Life by AMR

(888) 931-1010

Support Groups

Alzheimer's

Astoria Gardens (209) 833-2200

Bereavement and Grief

Sutter Tracy Community Hospital
(209) 833-2475

Saint Bernard's Catholic Church
(209) 836-5348
(209) 835-4560
ext. 142

Substance Addictions

Recovery Center (209) 835-0255
Sutter Healthy Connections
(209) 229-4922

Other

Dementia Whisperers (916) 663-0770
(866) 947-7773
www.dementiawhisperers.com

Alzheimer's Aid Society of Northern
California (800) 540-3340

Sharing & Caring: A Support Group for
People with Parkinson's (209) 831-4230

Speech Therapy Sutter Tracy Hospital
(209) 830-2137

Widowed Persons Association
(209) 835-2358

*Information Subject to Change
Various Services Subject to Fees

** The City of Tracy only provides information
for non-profit organizations.

Health Services

Behavioral Health Services of Tracy
(209) 831-5941

www.sjcbhs.org

Healthy Connections Family Resource
Center (209) 229-4922

www.cpfjsj.org

Poison Control Hotline (800) 222-1222

Professional Healthcare at Home
(925) 243-0065

Suicide Prevention Hotline
(800) 784-2433

Tracy Volunteer Caregiver
(209) 835-2772

www.tracyvolunteercaregivers.org

Late Life Services

Community Hospice of Stockton
(209) 627-4527

Community Hospice of Modesto
(209) 578-6300

Senior Housing

Public Housing in Tracy (209) 835-3320

Volunteer Opportunities

Grand Theatre Center for the Arts
(209) 831-6858

Larch Clover Community Center
(209) 831-5920

Lolly Hansen Senior Center
(209) 831-4230

McHenry House (209) 835-2328

Retired and Senior Volunteer Services
(RSVP) (209) 468-2208

Tracy Historical Museum
(209) 832-7278

Tracy Interfaith Ministries
(209) 836-5424

Tracy Volunteer Care Givers
(209) 835-2772

Volunteers in Police Service (V.I.P.S.)
(209) 831-6581

Meal Services

Brown Bag Larch Clover Site
(209) 831-5920

Brown Bag Tracy Community Center Site
(209) 831-4230

Emergency Food Bank of Stockton
Farmers Market (209) 464-7369

Meals on Wheels (209) 953-5500

Tracy Congregate Lunch (209) 831-4230

AGENDA ITEM 5

REQUEST

AUTHORIZATION TO NEGOTIATE A DEVELOPMENT AGREEMENT WITH BATES STRINGER VENTURES, INC, RELATED TO LANDS OWNED BY BATES STRINGER VENTURES INC, LOCATED AT 25380 LAMMERS ROAD, APPLICATION DA14-0001

EXECUTIVE SUMMARY

This agenda requests City Council authorization to negotiate a development agreement (DA) between the City and Bates Stringer Ventures, Inc., for approximately 60 acres of property at 25380 Lammers Road. City staff has been processing development applications for a new residential subdivision at this location and the applicant now wishes to initiate discussions and negotiations for a DA.

DISCUSSION

City's Adopted DA Procedures

In 2004, per resolution 2004-368, City Council adopted DA procedures. These procedures establish a two-step process for evaluating DA applications. The first step requires an application for a DA to include information such as property owner signatures, proposed term of the agreement, proposed public benefit, a description of the property and proposed land uses, among other information related to the property. The DA procedures also first require City Council authorization to negotiate prior to staff entering into negotiations.

The second step involves Planning Commission review and City Council review and consideration of the DA at public hearings. This step typically occurs after City staff and the applicants have negotiated draft terms and have returned to City Council for review and direction.

Development Applications Filed/Initial DA Concept

In October 2013, applications were filed for a General Plan Amendment, rezoning, and a Tentative Subdivision Map for approximately 60 acres of property at 25380 Lammers Road. The applications would result in the development of 212 residential lots in an area long-envisioned for residential development. At the same time as work on these applications progresses, other City efforts have progressed on organizing funding solutions for expansion to several utility systems to accommodate new development, including improvements to wastewater conveyance and treatment systems. At this point a DA is envisioned as a method to address the timing of infrastructure funding.

Also contemplated is an idea whereby the developer would meet their required parks obligation through a combination of paying required fees and developing parks within their project area. Such an approach is common; however, initial discussions with the developer have led to an informal request for on-site parks that are smaller than the

Parks Master Plan standard of four acres, in exchange for a cash contribution for other off-site amenities. While these ideas are preliminary, they would potentially result in amendments to the Parks Master Plan and would be explored in DA negotiations.

Basic Proposed Terms of a DA with Bates Stringer Ventures, Inc.

Attachment A to the staff report is a letter from Bates Stringer Ventures, Inc. requesting a DA and outlining the initial public benefit and generally requested terms for a DA. While still requiring negotiation, the list generally includes the following:

Developer Benefits

- Vesting Rights – “locking in” development approvals to existing laws/standards
- Securing utility capacity in wastewater conveyance lines and wastewater treatment plant

Public Benefits

- Funding for off-site recreational amenities or other community facilities identified in the City’s Parks Master Plan and Public Facilities Master Plan

Next Steps in the DA Process

Subject to City Council authorization, City staff would begin negotiating a DA with Bates Stringer Ventures, Inc. Prior to completing a Draft DA a summary of the proposed terms and DA status will be brought to City Council for consideration and direction. Once DA terms are finalized, the DA will be drafted and environmental review under the California Environmental Quality Act (CEQA) will be conducted (typically with the other development applications being sought by the developer). The applicant has expressed a desire to complete these processes in 2015.

FISCAL IMPACT

Negotiating a DA is funded by the applicant in accordance with a City approved Cost Recovery Agreement dated March 2014.

Upon completing a draft DA, City staff will return with an expanded fiscal impact discussion, if any, of what the DA represents.

RECOMMENDATION

Staff recommends that City Council authorize staff to negotiate a DA with Bates Stringer Ventures, Inc.

Agenda Item 5
November 18, 2014
Page 3

Prepared by: Bill Dean, Assistant Development Services Director

Reviewed by: Andrew Malik, Development Services Director
Maria Hurtado, Assistant City Manager

Approved by: Troy Brown, City Manager

ATTACHMENTS:

Attachment A - Letter from Bates Stringer Ventures, Inc. requesting a Development Agreement

Attachment B - Preliminary Site Plan



1331 N. California Blvd.
Fifth Floor
Walnut Creek, CA 94596

T 925 935 9400
F 925 933 4126
www.mslegal.com

Nadia L. Costa
Direct Dial: 925 941 3235
nadia.costa@mslegal.com

October 27, 2014

VIA E-MAIL AND U.S. MAIL

Troy Brown
City Manager
City of Tracy
333 Civic Center Plaza
Tracy, CA 95376

Re: Development Agreement for Residential Development at 25380 South Lammers Road, City of Tracy

Dear Mr. Brown:

On behalf of Bates Stringer Ventures, Inc. (Applicant), this letter requests that an item be placed on the agenda for the regular City Council meeting scheduled for November 4, 2014 regarding the initiation of formal development agreement discussions. Specifically, the Applicant seeks to commence formal discussions with the City with the goal of defining mutually agreeable terms and conditions for a development agreement (DA) in connection with a proposed residential development project (Project) for the approximately 55-acre site located within the City's municipal boundaries, at 25380 South Lammers Road (Project Site).

I. Nature and Purpose of Development Agreements.

The Legislature created Government Code section 65864 *et seq.* (Development Agreement Statute) in response to the lack of certainty in the approval of development projects, which can result in a waste of resources, escalate the cost of housing, and discourage investment in and commitment to planning that would maximize the efficient utilization of resources.

The Development Agreement Statute is designed to strengthen the public planning process, to encourage private participation in comprehensive, long-range planning and to reduce the economic costs of development. This statute authorizes a city or county to enter into a binding agreement with any person having a legal or equitable interest in real property regarding the development of that property.

The City has adopted local DA procedures to implement the Development Agreement Statute, whereby the City and local property owners and developers can work together collaboratively to bring to fruition economically viable projects that provide significant broader benefits to the local community.

II. Public Benefits of the Project

As indicated herein, the Applicant looks forward to formally commencing the DA negotiation process and working with the City in this regard. To that end, in compliance with the City's local DA procedures (as set forth in Reso. No. 2004-368, Exh. A, § 2(b)), the Applicant would like to take this opportunity to highlight a number of valuable public benefits for the Tracy community that would occur as a result of the Project and justify consideration of the DA.

The Project is proposed on the Calandev property located on the western edge of the City along Lammers Road. It entails the construction of 212 high end single family residences on relatively large scale lots with extensive landscaping. The Project will include a grand entry feature and be consistent with neighboring residential developments lying to the east and south of the Project Site. The Project is envisioned as an upscale development for move-up and executive housing, a market niche that is underrepresented in the City's current housing inventory. The scope of the proposed Project is intended to provide an intimate and family-oriented atmosphere, with two housing types differentiated by distinctive architectural features and multiple elevations for each model. The Project will include, among other things, high quality park and recreational facilities, enhanced landscaping, and improvements for pedestrian and bicycle connectivity, all of which will facilitate Project residents' enjoyment and appreciation of the community as well as highlight its overall aesthetic and design.

III. Items to Be Addressed in DA Process

As noted above, as part of its Project, the Applicant is interested in pursuing a DA with the City. Of particular significance to the Applicant are the following items that we hope to further explore with the City as part of this process:

- (1) Mutually acceptable approach by which the Applicant can provide high-quality park and recreational amenities to serve the Project, as well as support the City's efforts to enhance local recreational facilities by providing funding to help facilitate implementation of the City's Parks Master Plan and Public Facilities Master Plan in order to serve the broader community; and
- (2) Confirm a mutually acceptable arrangement whereby the Applicant helps to fund the City's planned wastewater treatment expansion project, while also securing sufficient wastewater treatment and conveyance capacity to serve the Project.

The Applicant is excited to collaborate with the City to bring this Project and its attendant benefits to fruition. We very much look forward to working with the City to identify ways in which this Project can also provide additional meaningful public benefits to support the Tracy community. To that end, we respectfully request that the City Council permit City staff to commence formal DA discussions with the Applicant.

Very truly yours,

MILLER STARR REGALIA

Nadia L. Costa

Nadia L. Costa

NLC:klw

cc: Bill Dean, Assistant Community Development Director
Andrew Malik, Director, Development & Engineering Services
Dan Sodergren, City Attorney
Scott L. Stringer
Fred Bates

LOT SUMMARY	
63 X 95	154
90 X 100	57

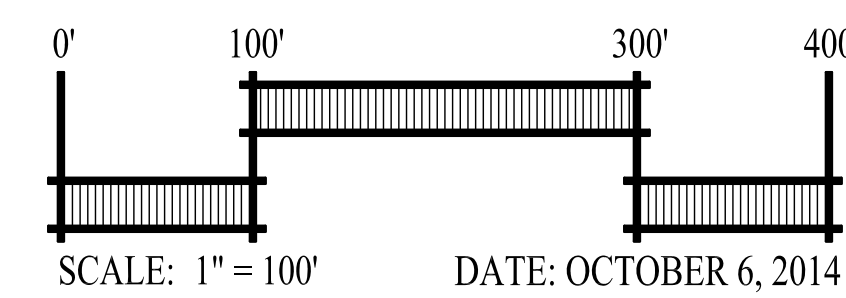
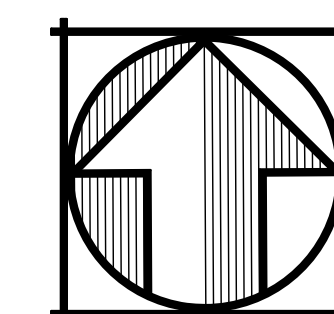
TOTAL 211



PRELIMINARY SITE PLAN

SOUTH LAMMERS ROAD

CITY OF TRACY SAN JOAQUIN COUNTY CALIFORNIA



	Carlson, Barbee & Gibson, Inc. CIVIL ENGINEERS • SURVEYORS • PLANNERS
	<small>2633 CAMINO RAMON, SUITE 350 SAN RAMON, CALIFORNIA 94583</small>

RESOLUTION _____

AUTHORIZING TO NEGOTIATE A DEVELOPMENT AGREEMENT WITH BATES STRINGER VENTURES, INC, RELATED TO LANDS OWNED BY BATES STRINGER VENTURES INC, LOCATED AT 25380 LAMMERS ROAD, APPLICATION DA14-0001

WHEREAS, In October 2013, applications were filed for a General Plan Amendment, rezoning, and a Tentative Subdivision Map for approximately 60 acres of property at 25380 Lammers Road, and

WHEREAS, A Development Agreement is envisioned as a method to address the timing of infrastructure funding, and

WHEREAS, Also contemplated is an idea whereby the developer would meet their required parks obligation through a combination of paying required fees and developing parks within their project area, and

WHEREAS, Prior to completing a Draft Development Agreement, a summary of the proposed terms and Development Agreement status will be brought to City Council for consideration and direction, and

WHEREAS, Negotiating a Development Agreement is funded by the applicant in accordance with a City approved Cost Recovery Agreement dated March 2014, and will have no impact to the General Fund;

NOW, THEREFORE, BE IT RESOLVED, That City Council authorizes staff to negotiate a Development Agreement with Bates Stringer Ventures, Inc.

The foregoing Resolution _____ was adopted by the Tracy City Council on the 18th day of November, 2014, by the following votes:

- AYES: COUNCIL MEMBERS:
- NOES: COUNCIL MEMBERS:
- ABSENT: COUNCIL MEMBERS:
- ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

INTERIM CITY CLERK

AGENDA ITEM 6

REQUEST**REJECT BIDS FOR THE CIVIC CENTER WATER TOWER REPAINTING - CIP 71080, AND UPDATE THE SCOPE OF WORK TO INCLUDE STRUCTURAL SAFETY IMPROVEMENTS FOR CONSIDERATION IN THE FY 2015/16 BUDGET**EXECUTIVE SUMMARY

Due to insufficient funds, City Council is requested to reject all bids for repainting the existing water tower front City Hall in the Civic Center.

DISCUSSION

The 140 foot tall inactive water tower in front of City Hall was built in the early 1920's. This tower includes the water tank which has been a target for graffiti and the City has done temporary painting to clean up the graffiti several times during the past several years. The tank and its support have localized corrosion at the tower base and anchor bolts at its foundation. The scope of work of the existing Capital Improvement Program (CIP) 71080 provides painting to the tower including the tank and does not include any structural repairs of the superstructure and its foundation.

Paint on the existing tank is several years old. The existing budget of the project provides cleaning, removal of the existing paint, priming and repainting the tank and its supporting legs. A total of \$75,000 was allocated from the General Fund to this CIP to cover the cost of this project.

Engineering staff prepared the plans and specifications and advertised the project for competitive bids on August 8, and 15, 2014. Eight bids were received and publicly opened at 2:00 p.m. on Tuesday, August 26, 2014, with the following results:

Contractor	Base Bid
A PLUS PAINTING, ROSEVILLE, CA	\$ 79,000
BLASTCO, DOWNEY, CA	\$101,312
ONPOINT CONSTRUCTION, BURLINGAME, CA	\$125,250
PAINTING & DÉCOR, OREGON, CA	\$137,300
AK BUILDERS & COATING, INC., SACRAMENTO, CA	\$156,000
INDUSTRIAL COATING, OCEANSIDE, CA	\$165,000
OLYMPUS PAINTING, VAN NUYS, CA	\$211,000
F.D. THOMAS, CENTRAL POINT, OR	\$298,500

The low bid received from A Plus Painting exceeds the available funds of \$75,000, for this project which includes the cost of preparing specifications and contract documents. Since the bid amount is higher than the available funding for this project, it is recommended that the bids be rejected. Based upon the site inspection, it is also recommended that the project scope of work be updated to include the structural safety

improvements and presented to Council for review and approval in the FY 2015/16 budget.

STRATEGIC PLAN

The agenda item is a routine operational item and is not related to the Council's Strategic Plans.

FISCAL IMPACT

This is an approved FY 2014/15 CIP (71080); approximately \$75,000 was appropriated from the General Fund for this project. Funds totaling \$1,563 were used to conduct a structural integrity analysis of the tower. Given that the low bid received exceeds the remaining balance of \$73,437, there is insufficient funding to complete the painting and/or painting and structural safety improvements combined.

RECOMMENDATION

That City Council, by resolution, reject all bids for the Civic Center Water Tower Repainting - CIP 71080, and direct staff to update the scope of work to include structural safety improvements for Council consideration in FY 2015-16 budget.

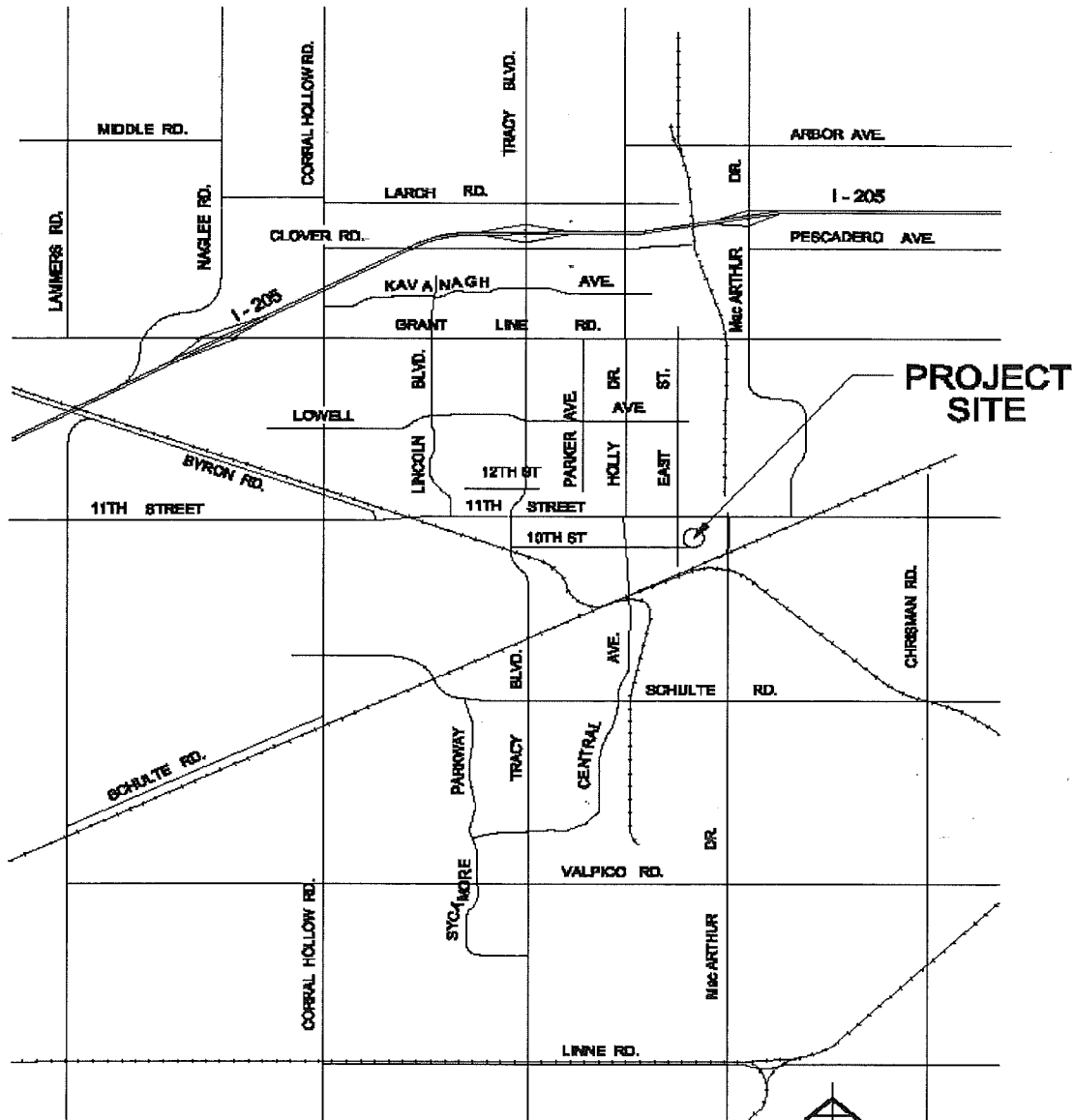
Prepared by: Binh Nguyen, Associate Civil Engineer

Reviewed by: Kul Sharma, Interim City Engineer
Andrew Malik, Development Services Director
Maria A. Hurtado, Assistant City Manager

Approved by: Troy Brown, City Manager

ATTACHMENT

Attachment A: Location Map



VICINITY MAP
CIVIC CENTER WATER TOWER

N.T.S.

RESOLUTION _____

REJECTING BIDS FOR THE CIVIC CENTER WATER TOWER REPAINTING - CIP 71080, AND UPDATING THE SCOPE OF WORK TO INCLUDE STRUCTURAL SAFETY IMPROVEMENTS FOR CONSIDERATION IN THE FY 2015/16 BUDGET

WHEREAS, The 140 foot tall inactive water tower in front of City Hall was built in the early 1920's, and

WHEREAS, This tower includes the water tank which has been a target for graffiti, and

WHEREAS, The tank and its support have localized corrosion at the tower base and anchor bolts at its foundation, and

WHEREAS, The existing budget of the project provides cleaning, removal of the existing paint, priming and repainting the tank and its supporting legs, and

WHEREAS, The project was advertised for competitive bids on August 8, and 15, 2014, and eight bids were received and publicly opened on Tuesday, August 26, 2014, and

WHEREAS, The low bid received from A Plus Painting exceeds the available funds of \$75,000, and

WHEREAS, Since the bid amount is higher than the available funding for this project, it is recommended that the bids be rejected, and

WHEREAS, It is also recommended that the project scope of work be updated to include the structural safety improvements, and

WHEREAS, This is an approved FY 2014/15 CIP (71080); approximately \$75,000 was appropriated from the General Fund for this project;

NOW, THEREFORE, BE IT RESOLVED, That City Council rejects all bids for the Civic Center Water Tower Repainting - CIP 71080, and directs staff to update the scope of work to include structural safety improvements for consideration in FY 2015-16 budget.

The foregoing Resolution _____ was adopted by the Tracy City Council on the 18th day of November, 2014, by the following votes:

- AYES: COUNCIL MEMBERS:
- NOES: COUNCIL MEMBERS:
- ABSENT: COUNCIL MEMBERS:
- ABSTAIN: COUNCIL MEMBERS:

MAYOR

ATTEST:

INTERIM CITY CLERK

AGENDA ITEM 7

REQUEST

ACCEPT STATUS REPORT ON THE CITY'S INTERNAL CONTROL WORK PLAN

EXECUTIVE SUMMARY

This report provides a status report regarding the progress of the City's work plan to audit, evaluate, and modify applicable internal control policies and procedures to ensure the continued protection of City assets and resources. The work plan is comprised of three phases: Phase 1: Credit Card Audit and Best Practice Review; Phase 2: Open Government Initiative; and Phase 3: Financial Review and Policy Update. It is anticipated that the work plan will be implemented and completed over a period of 12 months.

DISCUSSION

On May 20, 2014, staff presented Council an overview of the City's multi-phased Internal Control Work Plan, which included work plan goals, objectives, and tasks. The section below provides a progress report of each phase of the work plan, highlighting completed work and next steps (Attachment 1).

Work Plan Progress Report

Phase 1: Best Practices Review and Credit Card Audit

Phase one of the Internal Work Control Work Plan involves an audit of the City's credit card practices, update of the City's Credit Card Policy, and employee trainings for cardholders and administrative staff.

Nearly all of Phase 1 tasks have been completed:

- In Spring 2014, an inventory of all city credit cards and store cards was completed; approximately 160 credit cards (106 store cards and 54 CAL-cards) had been issued city-wide. The total number of active credit cards has been reduced to 68; there are 53 CAL-cards and 11 Chevron gas cards. All store cards have been eliminated. The gas cards are primarily for police motorcycle officers, who are required to use higher grade fuel which is not available at the City Corp Yard.
- The City retained Chavan and Associates to conduct a credit card audit, which was completed in late Spring 2014 (Attachment 2). Subsequent to the completion of the audit, a community meeting was held on June 25, 2014 to discuss the preliminary audit findings. Subsequent to the completion of the credit card audit, another audit was conducted to determine if there was evidence of fraud with respect to the past transactions of specific employees (Attachment 3).

- A draft credit card policy has been developed in coordination with the independent auditors and reflects recommendations as noted in the audit findings (Attachment 4). Internal organizational review of the draft policy is underway. Employee training will be scheduled in late Fall 2014.

The results of the audit findings and feedback from the community meeting are summarized below:

Credit Card Audit Findings and Community Feedback

The City engaged Chavan and Associates to review credit card transactions from July 2012 through January 2014 and identified several control weaknesses, including but not limited to:

- Inconsistent approval hierarchies
- Insufficient documentation to support expenditures at time of card payment
- Lack of control over issuances of credit cards and credit card handling
- Lack of city-wide staff training in relation to credit card policies and procedures

Specific examples of these weaknesses include missing initials, dates, signatures by applicable manager or department head; insufficient supporting documentation, including missing receipts and credit card logs “checking out” credit cards, and lack of evidence of finance review. While the deviations found as part of the audit are common among local governments, the frequency in which they typically occur is usually much lower.

The auditors also confirmed that the City’s past practices (which have since been discontinued) of purchasing and selling alcohol, purchasing raffle items with public funds for city-sponsored block parties, and using city credit cards to purchase employee retirement gifts (that were later reimbursed by the purchasers) should be prohibited by the City’s credit card policy.

On June 25, 2014, a community meeting was held to discuss the project scope of the audit, preliminary findings, and recommendations. Participants expressed appreciation of the audit, but were concerned about the City’s decentralized purchasing practices and use of store cards (non-city credit cards), which could increase the City’s risk exposure. Members of the community requested that provisions be put in place to ensure reduced liability, stricter accounting of items purchased via credit card, and consistency regarding the management and oversight of purchases. It was also recommended that the City explore centralizing its purchasing processes.

Fraud Audit

A Fraud Audit was also conducted by Chavan and Associates to determine if there was any clear evidence of fraud based on the past transactions of two former employees. While it was determined that there were several unusual transactions, some of which violated the existing credit card policy, there was no conclusive evidence of fraud or

other criminal activity. The audit covered the period June 1, 2008 through December 31, 2014.

Phase 2: Open Government Initiative

Phase two of the Internal Control Work Plan involves the development of an Open Government Initiative. This initiative is reflective of the Council's Governance Strategy which promotes communication and civic engagement, financial transparency, and fiscal stewardship. The Transparency Initiative includes efforts to improve public access and understanding of City finances through the use of technology, including but not limited to open government software and upgrades to the City's financial system.

To date the following phase two tasks have been completed or are currently in progress:

- A computer kiosk has been installed on the second floor in City Hall so that requested public records may be viewed electronically. A PRA log of requests has been developed and is available for public viewing at the Clerk's Office.
- The City has purchased new Enterprise Resource Planning (ERP) software to enhance the City financial reporting capabilities. Implementation of the new system is underway and should be completed by Summer 2015. This also includes a Citizen Transparency Module to improve community access to various financial data.
- As an interim solution, the City has implemented user-friendly, interactive open government financial software which is available via the City's website. The purpose of this software is to enable the community to access general revenue and expense information as it relates to the City's budget.

In the near future, the financial software will also include access to the City's monthly check register. Currently, the City's check registers are posted online in PDF format, along with relevant financial policies and procedures.

- In process is the development of an open government web page. It is anticipated that this will be available by the end of the calendar year.

Phase 3: Financial Policy Review and Update

Phase three of the Internal Control Work Plan involves a review of the City's financial policies. Several of the City's policies are outdated and require modification. Update of the policies will include best practice research and a cross-departmental team review of any proposed changes.

To date, a draft Petty Cash Policy has been developed. Other policies, involving cell phone and travel/reimbursement activities will be developed over the next several months. The policy update process should be completed by next Spring 2015.

It is important to note that the Internal Control Work Plan is designed to be fluid in nature and may change over time. Monthly status reports will be scheduled to advise Council about staff progress, significant findings, and/or changes to the work plan. The next update is scheduled for November/December 2015.

STRATEGIC PLAN

This item is in accordance with Council Governance Strategy, Goal 2: Ensure continued fiscal sustainability through budgetary and financial stewardship; Objective 3: Enhance Fiscal Transparency and Goal 3: Identify resources to promote communication and civic engagement, enhance city services, and promote organizational productivity.

FISCAL IMPACT

Acceptance of the status report will not impact the FY 2014/15 General Fund Budget.

RECOMMENDATION

It is recommended that the City Council accept the Internal Control Work Plan Status Report.

Prepared by: Jenny Haruyama, Administrative Services Director

Reviewed by: Maria A. Hurtado, Assistant City Manager

Approved by: Troy Brown, City Manager

ATTACHMENTS:

- Attachment 1: Internal Control Work Plan (Phase 1-3)
- Attachment 2: Credit Card Audit Findings
- Attachment 3: Fraud Audit
- Attachment 4: Draft Credit Card Policy

DRAFT
INTERNAL CONTROL WORKPLAN
PHASE 1: BEST PRACTICE REVIEW AND CREDIT CARD AUDIT

GOALS:

- Ensure appropriate internal controls are in place to protect the City’s assets, control expenditures, and prevent misuse of City resources.
- Modify City Credit Card Policy based on a review of best practice models and results of an independent audit of city credit card transactions/statements.
- Communicate credit card responsibilities and procedures to city-wide cardholders to ensure proper use and processing of credit card purchases.

KEY WORKPLAN OBJECTIVES:

OBJECTIVES	TASKS	STEPS	TIMEFRAME	STATUS
1. Reduce Risk and Exposure	Conduct Inventory of City Issued Credit Cards.	<ul style="list-style-type: none"> ▪ Review Departmental Criteria used to Issue Credit Cards and Single Purchase Limit and Cumulative Monthly Maximum Limit Amounts. ▪ Evaluate and Reduce Number of City Credit Cards Issued to Employees. 	Spring 2014	COMPLETED - Credit cards have been reduced from 160 to 68 .
2. Identify Best Practice Policy Models	Research Best Practice Credit Card Internal Control Policies and Procedures.	<ul style="list-style-type: none"> ▪ Conduct a Best Practice Review of Policies and Procedures including but not Limited to: Authorization and Card Issuance, Cardholder Responsibilities, Lost/Stolen Cards and Receipts, Unauthorized Purchases, Parameters for Usage, Purchase Reporting Requirements. ▪ Best Practice Sources: International City/County Management Association (ICMA), Government Finance Officers Association (GFOA), California Municipal Society of Finance Officers (CSFMO), and other Local Government Resources/Agencies. 	Fall 2014	COMPLETED
3. Evaluate and Test Current Policy and Procedures	Conduct Independent Audit of City Issued Credit Cards.	<ul style="list-style-type: none"> ▪ Retain Independent Auditor to Review Compliance with Current Credit Card Policy. ▪ Identify Recommended Policy Changes/ Procedures for Cardholders and Administrative Processing. 	Early Summer 2014	COMPLETED

DRAFT
INTERNAL CONTROL WORKPLAN
PHASE 1: BEST PRACTICE REVIEW AND CREDIT CARD AUDIT

		<ul style="list-style-type: none"> ▪ Schedule Community Conversation About Audit Process and Preliminary Findings ▪ Provide Update to Council to Discuss Final Audit Report and Community Input 		
4. Revise Credit Card Policy/Procedures	Implement Recommended Changes per Independent Audit and Best Practice Research.	<ul style="list-style-type: none"> ▪ Consolidate Best Practice Research and Consultant’s Recommended Policy and Procedural Changes. ▪ Update Current City Policy to Reflect Suggested Changes. ▪ Solicit City-Wide Feedback from Departments/Employees. 	Early Fall 2014	COMPLETED
			Winter 2015	IN PROGRESS
5. Enhance Internal Control Training and Communication	Conduct City-Wide Policy and Procedure Training for City Credit Cardholders and Administrative Staff.	<ul style="list-style-type: none"> ▪ Develop Communications Plan to Conduct City-Wide Training for all Applicable Administrative Staff and Cardholders. ▪ Schedule Annual Employee Training, including Anti-Fraud and Public Funds Education. ▪ Require all Cardholders to Sign a Cardholder Agreement Form. 	Winter 2015	TO BE SCHEDULED - Training scheduled for Winter 2015.

**DRAFT
INTERNAL CONTROL WORKPLAN
PHASE 2: OPEN GOVERNMENT INITIATIVE**

GOALS:

- Facilitate public access to documents and proceedings of local government, including but not limited to council, administrative, and budget/financial policies and reports, and public requests for records.
- Centralize key source documents which govern elected and appointed officials and City employees.
- Use technology to ensure efficiency to enhance community access to information.
- Encourage civic engagement through a variety of mediums.

KEY WORKPLAN OBJECTIVES:

OBJECTIVES	TASKS	STEPS	TIMEFRAME	STATUS
1. Facilitate an Open Government Environment.	Ensure Requested and Released Public Records Act (PRA) Information is Made Available to the Public.	<ul style="list-style-type: none"> ▪ Develop a PRA Log of Requested and Released Records. ▪ Make PRA Log Available for Viewing via the Clerk’s Office and online (future). ▪ Explore PRA Tracking Software Options to Ensure Efficiency. ▪ Identify Available Resources and Space to Install a Public Kiosk to View Public Records. ▪ Develop a Community Outreach/ Communications Plan. 	Spring 2014	COMPLETED
2. Promote Financial Understanding of City Resources.	Translate City Financial Data into Meaningful Information for the Community.	<ul style="list-style-type: none"> ▪ Research and Purchase Open Government Financial Software. ▪ Identify Frequently Requested Data Sets. ▪ Ensure Data is Interactive, Visual, and User-Friendly. ▪ Identify a Usability Group to Assess the New Financial Software. ▪ Launch the New Software on the City Website. 	Fall 2014	COMPLETED

**DRAFT
INTERNAL CONTROL WORKPLAN
PHASE 2: OPEN GOVERNMENT INITIATIVE**

<p>3. Ensure Efficiency of Internal City Processes and Systems.</p>	<p>Upgrade the City's Financial and Human Resources Information System.</p>	<ul style="list-style-type: none"> ▪ Conduct a Request for Proposal (RFP) for a new Enterprise System. ▪ Establish a City-Wide Review Team to Evaluate Proposals and Vendor Presentations. ▪ Explore Alternative Options that include Citizen Transparency Modules. ▪ Develop an Internal Financial Procedures Handbook and City-Wide Training Schedule. 	<p>Summer 2015</p>	<p>COMPLETED</p>
<p>4. Enhance Access to City-Wide Policies and Reports.</p>	<p>Implement Best Practice Models for Open Government Transparency Efforts.</p>	<ul style="list-style-type: none"> ▪ Identify Accessibility Gaps regarding Frequently Requested Information. ▪ Incorporate Community Feedback Regarding Accessibility Issues. ▪ Develop a City of Tracy Open Government Web Page to Centralize Key City Documents and Requests for Records. 	<p>Early Fall 2014</p> <p>Late Fall 2014</p>	<p>COMPLETED</p> <p>IN PROGRESS</p>
<p>5. Enhance Public Participation.</p>	<p>Expand Civic Engagement Opportunities.</p>	<ul style="list-style-type: none"> ▪ Inventory Existing Communication Tools and Maximize their Use. ▪ Identify and Implement Alternative Civic Engagement Resources. 	<p>Ongoing</p>	<p>ONGOING</p> <ul style="list-style-type: none"> - Exploring Implementation of Civic Engagement Software.

DRAFT
INTERNAL CONTROL WORKPLAN
PHASE 3: REVIEW AND UPDATE OF FINANCIAL POLICIES

GOALS:

- Promote Organizational Efficiency and Effectiveness through the Update of City Policies and Procedures.
- Encourage Organization-Wide Policy Awareness and Compliance to Protect City Assets and Resources and Minimize Risk.
- Explore Options to Assess Policy Compliance.

KEY WORKPLAN OBJECTIVES:

OBJECTIVES	TASKS	STEPS	TIMEFRAME	STATUS
1. Maintain Updated City Administrative/Financial Policies and Procedures.	Align key City Administrative/Financial Policies and Procedures with Best Practices.	<ul style="list-style-type: none"> ▪ Conduct an Inventory of City Policies. ▪ Develop an Update and Implementation Timeline. ▪ Research Industry Best Practices for Applicable Policies. ▪ Engage Organizational Stakeholders in the Policy Update Process. 	Late Summer 2014	IN PROGRESS
2. Improve Policy Awareness and Compliance.	Develop a Communications Plan to Inform and Train Employees of Changes to Policy and Procedures.	<ul style="list-style-type: none"> ▪ Centralize all City Policies to Enhance Accessibility. ▪ Provide Regular Department City-Wide Policy Update Status Reports. ▪ Establish an Annual Employee Training Schedule to Ensure Policy Understanding. 	Spring 2015	N/A
3. Measure Policy Compliance.	Identify Performance Measures to Gauge Compliance.	<ul style="list-style-type: none"> ▪ Explore the Creation of a Year-End Report to Assess Compliance. ▪ Work with Auditors to Establish Performance Measures to Determine Compliance Levels. 	Summer 2015	N/A

**CITY OF TRACY
CALIFORNIA**

**CREDIT CARD POLICY REVIEW, EVALUATION AND
RECOMMENDATIONS**

For the Period of July 1, 2012 through January 31, 2014

* * *



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT ACCOUNTANT’S REPORT ON APPLYING AGREED-UPON PROCEDURES	1
EXECUTIVE SUMMARY.....	2
BACKGROUND.....	4
SCOPE AND METHODOLOGY	5
RESULTS.....	7
EXHIBIT 1 – SUMMARY LEVEL DATA.....	7
EXHIBIT 2 – PURCHASES BY DEPARTMENT (TOTAL POPULATION).....	7
EXHIBIT 3 – PURCHASES BY DEPARTMENT & CARD TYPE (TOTAL POPULATION).....	8
EXHIBIT 4 – PURCHASES BY DEPARTMENT (SAMPLED ITEMS)	8
EXHIBIT 5 – PURCHASES BY CREDIT CARD COMPANY (TOTAL POPULATION)	9
EXHIBIT 6 – PURCHASES BY CREDIT CARD COMPANY (SAMPLED ITEMS)	9
EXHIBIT 7 – PURCHASES BY MERCHANT OF 5% OR MORE (TOTAL POPULATION).....	10
EXHIBIT 8 – IDENTIFICATION OF KEY CONTROLS	11
FINDINGS AND RECOMMENDATIONS.....	12
EXHIBIT 9 – SUMMARY EXCEPTIONS BY KEY CONTROL	14
EXHIBIT 10 – GENERAL DESCRIPTIONS OF EXCEPTIONS BY KEY CONTROL.....	15
EXHIBIT 11 – EXCEPTIONS BY DEPARTMENT	16
EXHIBIT 12 – CALCARD PURCHASES BY EMPLOYEE	16
EXHIBIT 13 – CALCARD TRANSACTIONS BY EMPLOYEE	17
ATTACHMENTS.....	20
ATTACHMENT A – SUMMARY WALKTHROUGH DOCUMENTATION	20
ATTACHMENT B – SAMPLE POLICY LANGUAGE FOR INCLUSION IN EXISTING POLICY.....	21
ATTACHMENT C – SAMPLE CREDIT CARD POLICY	22
ATTACHMENT D – SAMPLE ACKNOWLEDGEMENT FORM.....	31



Independent Accountant's Report on Applying Agreed-Upon Procedures

City Council and Management of the City of Tracy
Tracy, CA

We have performed the procedures enumerated below, which were agreed to by management of the City of Tracy (the City), solely to assist you in evaluating the City's credit card policy and procedures for the period of July 1, 2012 through January 31, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures as requested by management:

1. Reviewed and assessed the City's existing credit card policy.
2. Performed extensive sampling of City issued credit card transactions to determine compliance with existing City policy and procedures for fiscal year 2012-13 and through January 31, 2014 of fiscal year 2013-14.
3. Performed an evaluation of credit card processing desk procedures followed by administrative and finance staff.

See pages 7-19 for results, findings and recommendations.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the credit card transactions, charts, tables and other related information included in this report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the city council and management of the City of Tracy and is not intended to be and should not be used by anyone other than these specified parties.

C & A UP

April 29, 2014
San Jose, California

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

EXECUTIVE SUMMARY

Summary of Methodology

During this engagement, we utilized standard attestation techniques as established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards. We include terms such as *key control*, *population*, *sample*, *deviation*, *exception*, *deviation rate* and *potential error* when describing our testing and the related results.

A *key control* is a policy or procedure in the control environment that has a significant impact on the risk that a City credit card could be misused. Not every control is considered a key control and we used our judgment and experience to identify 34 controls that were important to the City's credit card process.

The *population* is the total of all credit card transactions for the period under review multiplied by the 34 different key controls identified. With the help of finance, we accumulated a list of all credit card transactions in Excel which was pulled directly from credit card statements or databases from the credit card companies. We checked the population for completeness by comparing random months of excel data to the original credit card statements. In summary, the population included 6,683 transactions and 34 key controls totaling 227,222 items. However, not all key controls applied to every transaction in the population, leaving the actual items in the population subject to testing at 134,943.

We used a combination of random and selective (or haphazard) sampling methods to select our *sample*. We also stratified our sample by employee and department to identify transactions that could have higher risk. Our risk determination was completed by performing interviews with Finance staff and walkthroughs at various departments. A walkthrough is when we select a transaction and have City staff show us how they processed that transaction from beginning to end. Ultimately, our sample consisted of 198 transaction multiplied by 34 key controls totaling 6,732 items with 3,998 items applicable to testing (see Exhibit 1 on Page 7 for a summary). It is important to note that the size of the population has little or no effect on the determination of sample size, except in relatively small populations of 250 items or less. Our goal with a population of this size is to test approximately 3% of the population. Our final sample included 2.96% of the items in the population.

A *deviation* is a departure from the expected performance of the prescribed control. Any deviation is considered an *exception*. Examples of exceptions include when a key control did not work, was not utilized, was not in place or had a design flaw. During our testing, we found 1,102 exceptions in our sample.

The *deviation rate* is determined by dividing the number of deviations in the sample by the total sample. The *potential error* in the population is the deviation rate from the sampled items multiplied by the number of items in the population. The deviation rate resulting from the exceptions we discovered in our testing was 27.56%, which lead to an estimated total population error of 37,195 items (from 134,943) or 1,842 transactions (from 6,683). To ensure the accuracy of the potential error in the population, we only included key controls that are applicable to each transaction in both the sample deviation rate and population potential error. For example, a credit card transaction that was paid through a purchase order would not be subjected to procedures meant to control a credit card transaction paid through a voucher process.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

EXECUTIVE SUMMARY

Summary of Findings and Recommendations

Based on the results of the work performed, we have identified control weaknesses pertaining to the following:

- Undefined or inconsistent approval hierarchies;
- Insufficiently supported expenditures at time of card payment;
- Unclear or lack of monitoring controls;
- Unclear or lack of audit controls;
- Unclear or lack of approval controls;
- Lack of safeguards over internet purchases and access;
- Lack of control over issuance of credit cards and credit card handling;
- Lack of department level training in relation to credit card policies and controls;
- Insufficient record-keeping and record retention.

Specific examples of exceptions noted include: missing initials, dates, signatures or other notation evidencing credit card statements tie to support; missing itemized receipts; missing logs “checking out” credit cards at department level; lack of evidence of Finance review or reconciliation prior to payment; missing department head or manager signature and date; and missing reference to purchase order number when included in purchase order process. See pages 7-19 for detailed findings and recommendations.

Prior to the start of our engagement, management had informed us of the following areas of concern: 1) purchases and sale of alcohol for special events, 2) purchases of raffle items with public funds for city-sponsored block parties, 3) purchases of retirement gifts and social activities for employees that are reimbursed by the purchaser, and 4) donations by employees to the City to hold and reimburse the City for non-business employee functions such as retirement gifts. Based on our experience, we believe that these types of transactions should be prohibited in the City’s credit card policy, because they increase the risk that public funds will be misused. The controls that we have identified and the recommendations that we have made will help reduce this exposure.

Comparability with Similar Local Governments and Exposure

When comparing the City to other governments of similar size, it’s apparent that the City’s current policies and procedures require improvement. Generally, we find that similar entities have control and monitoring procedures that are more centralized. For example, Finance usually has more control over the issuance of credit cards and the review and payment of department level transactions. Most local governments have a comprehensive written policy and provide training on that policy, including expectations of employees, new hire training and annual training for all employees. The types of deviations noted in this engagement are common among other local governments, but the amount of deviations found are usually much lower.

The results of our procedures indicate that the City has an increased risk that public funds will be inappropriately spent and go undetected. In addition, the City has increased exposure to credit card fraud because of the inadequacies in its credit card controls.

CITY OF TRACY, CALIFORNIA

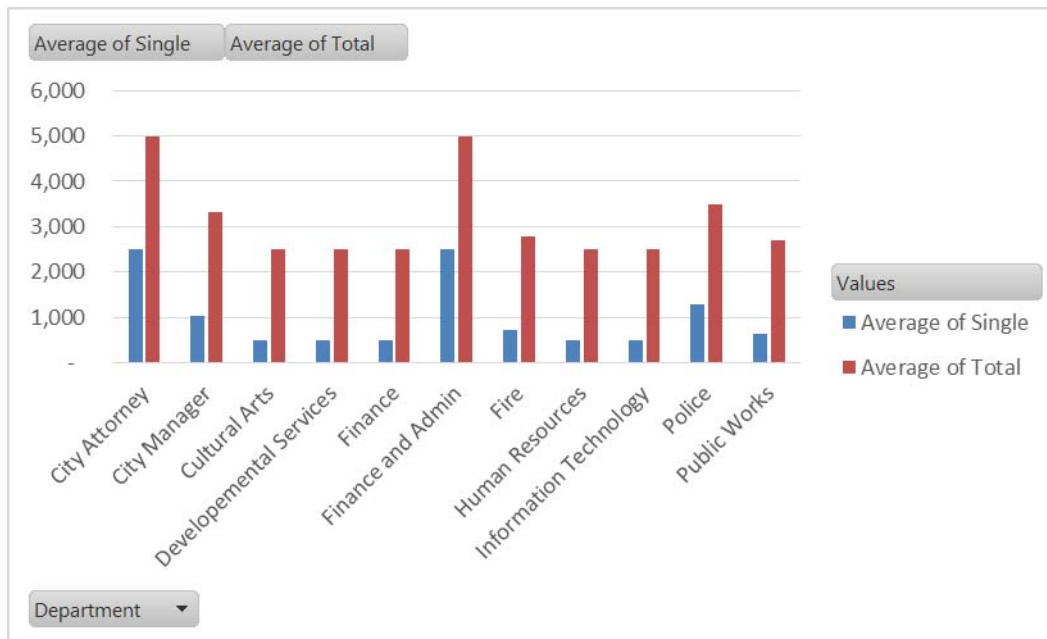
Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

BACKGROUND

The City of Tracy (the City) established a credit card program for City employees with US Bank (CalCards) and various stores (store cards) such as Home Depot and Walmart. The City created the program in order to provide a cost-efficient method for purchasing a variety of low dollar amount goods and services. The credit card program is designed to augment the other methods of purchasing that are available to City departments, such as requisitions, purchase orders, payment vouchers, and petty cash.

To provide guidance for the issuance and use of City credit cards, the City established an administrative policy on January 12, 1996, which was last revised January 1, 2013. In addition, some of the City's departments have policy manuals that support the administrative policy, for example the Fire Department. In general, the City's credit card policy places the onus on department managers to approve and authorize the issuance of credit cards to specific employees and to ensure that employees do not misuse City credit cards. The City's policy identifies criteria for the department managers to follow when authorizing new credit cards, requires an acknowledgement of receipt for the issuance of CalCards, and identifies specifically prohibited transactions. Heading the list of the prohibited transactions is the use of City credit cards for personal items, even if reimbursed at a later date. The City's credit card policy also addresses safekeeping, recordkeeping and ownership of credit cards.

The following depicts total credit limits (average \$2,917) and single transaction limits (average \$810) by department:



CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

SCOPE AND METHODOLOGY

In March of 2014, the City Council directed management to initiate an audit of the City credit card policy and procedures. In response, we were contracted to perform a limited-scope agreed-upon procedures engagement that primarily focused on the City's credit card transactions that occurred from July 1, 2012 through January 31, 2014. We performed the following procedures as requested by management:

1. We reviewed and assessed the City's existing credit card policy to determine if the City's controls and processes were adequate and that credit cards were used appropriately.

The review of the City's existing policy included a comparison to policies utilized by other Cities of similar size.

2. We performed an extensive sampling of City issued credit card transactions to determine compliance with existing City policy and procedures for fiscal year 2012-13 and through January 31, 2014 of fiscal year 2013-14.

For the purposes of this engagement, we defined the population in two steps: 1) the total of all credit card transactions for the period under review, and 2) the total of all credit card transactions multiplied by the number of key controls identified. We defined the sampling unit as one credit card transaction from the credit card statements. The resulting random sample consisted of a combination of individual credit card transactions selected multiplied by the number of key controls identified during the engagement. Management requested that our sample not include the former City Manager since those transactions will be examined in a separate engagement. In order to accumulate the populations and select our sample, we converted all of the data within the store card statements into Excel, and obtained a report from finance in Excel with the detail of all Cal Card transactions for the period under examination.

During our testing we obtained the following source documents:

- a. Credit card statements
 - b. Itemized receipts
 - c. Summary receipts
 - d. Voucher requests forms
 - e. Purchase orders
 - f. Edit prelist
 - g. Acknowledgement of receipt form
 - h. Travel expense reports
 - i. Employee reimbursement forms
 - j. Requisition/purchase order approval audit trail report
 - k. List of credit card holders
3. We performed an evaluation of credit card processing desk procedures followed by administrative and finance staff.

In order to complete this procedure, we performed interviews and walkthroughs of the City's credit card process in the Finance and Administrative, Public Works, City Manager, and Fire department. This was in addition to the samples selected for testing in procedure 1. See **Attachment A** for a summary of walkthroughs performed and results.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

SCOPE AND METHODOLOGY

The following is a list of departments included in the scope of this engagement:

- City Manager
 - Parks and Community Services (Parks & Rec)
- City Attorney
- Finance and Administrative Services
 - Human Resources
- Fire Department
- Police Department
- Public Works
 - Utilities
- Cultural Arts
- Development Services
 - Economic Development
 - Building Safety and Fire Prevention
 - Code Enforcement
 - Engineering
 - Planning
- Information Technology

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

RESULTS

The following displays the results of the procedures we performed as enumerated in the scope and methodology section (page 5) of this report:

Exhibit 1 Summary Level Data

1	Total Sample by Transaction	198	
2	Key Controls Tested	34	
3	Controls Not Applicable to Specific Sampled Items	2,734	
4	Total Sample	3,998	=1*2-3
5	Deviations in Sample	1,102	
6	Deviation Rate	27.56%	=5/4
7	Total Population by Transaction	6,683	
8	Controls Not Applicable to Specific Items in the Population	92,279	=(3/(1*2))-(7*2)
9	Total Population	134,943	=7*2
10	Potential Deviations in Population by Key Control	37,195	=9*6
11	Potential Deviations in Population by Transaction	1,842	=7*6
12	Total Dollar Amount of Sample	\$ 11,313	
13	Total Dollar Amount of Population	\$ 467,279	

Exhibit 1 provides a summary of the population and sampling data and depicts our methodology. The most important factor to note is the deviation rate of 27.56%.

Exhibit 2 Purchases by Department (Total Population)

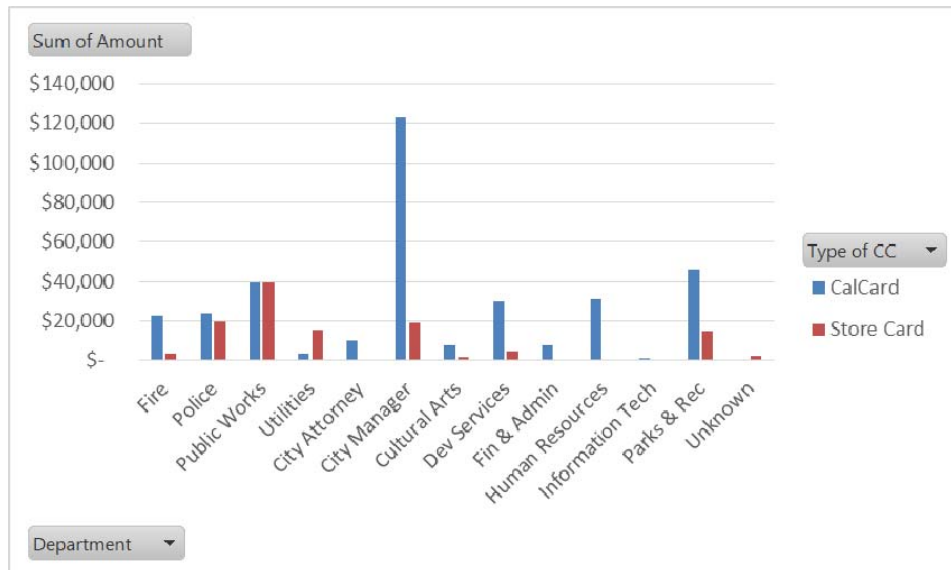


Exhibit 2 summarizes the purchases by department for each card type in the total *population*. The bar graph helps highlight where most of the purchases originated.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

RESULTS

Exhibit 3 Purchases by Department & Card Type (Total Population)

Department	CalCard	Store Card	Grand Total
Fire	\$ 22,698	\$ 3,600	\$ 26,298
Police	\$ 23,917	\$ 19,768	\$ 43,685
Public Works	\$ 39,554	\$ 39,486	\$ 79,040
Utilities	\$ 3,755	\$ 15,396	\$ 19,151
City Attorney	\$ 9,869	\$ -	\$ 9,869
City Manager	\$ 122,640	\$ 19,171	\$ 141,811
Cultural Arts	\$ 7,535	\$ 1,990	\$ 9,525
Dev Services	\$ 30,096	\$ 4,529	\$ 34,625
Fin & Admin	\$ 7,962	\$ -	\$ 7,962
Human Resources	\$ 31,024	\$ -	\$ 31,024
Information Tech	\$ 1,324	\$ -	\$ 1,324
Parks & Rec	\$ 46,131	\$ 14,661	\$ 60,792
Unknown	\$ -	\$ 2,173	\$ 2,173
Grand Total	\$ 346,505	\$ 120,774	\$ 467,279

Exhibit 3 summarizes the purchases by department for each card type in the total *population*. This table works in tandem with Exhibit 2 when analyzing purchases by department.

Exhibit 4 Purchases by Department (Sampled Items)

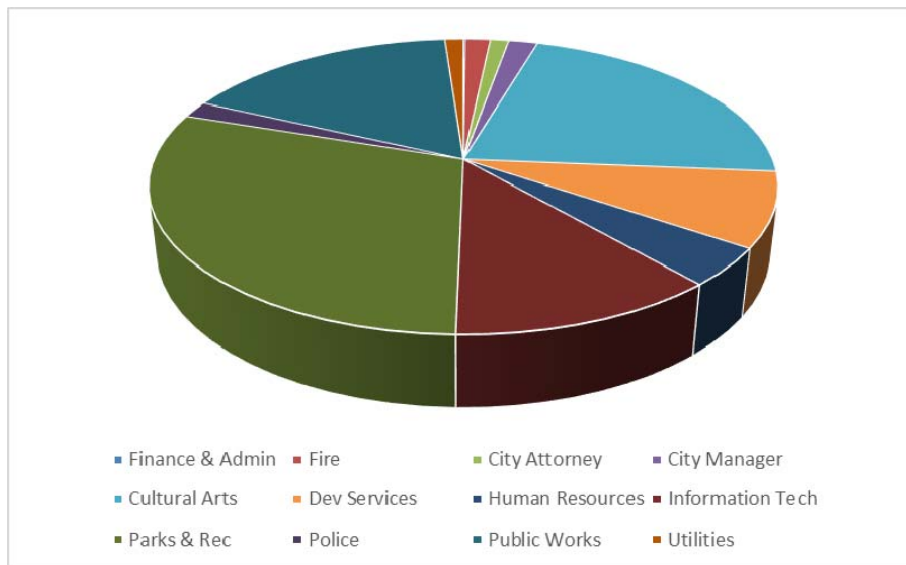


Exhibit 4 provides a pie chart for the *sampled* purchases tested by department. The results show where the testing was concentrated. It's important to note this is not the total population, just the sampled items.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

RESULTS

Exhibit 5 **Purchases by Credit Card Company (Total Population)**

Credit Card	Totals
AMEX	\$ 32,353
Business Card - Chevron	\$ 3,906
Costco	\$ 11,730
Home Depot	\$ 44,571
Orchard Supply Hardware	\$ 5,109
SaveMart	\$ 170
Sears	\$ 5,669
Staples	\$ 12,738
USBank	\$ 346,505
Wal-Mart	\$ 4,526
Grand Total	\$ 467,279

Exhibit 5 depicts the total purchases in the *population* by credit card company. The most important factor to note is the total purchases with US Bank.

Exhibit 6 **Purchases by Credit Card Company (Sampled Items)**

Credit Card	Totals
Business Card - Chevron	\$ 41
Home Depot	\$ 1,316
Orchard Supply Hardware	\$ 33
Sears	\$ 96
Staples	\$ 185
USBank	\$ 9,499
Wal-Mart	\$ 144
Grand Total	\$ 11,313

Exhibit 6 depicts the total purchases in the *sample* by credit card company. The most important factor to note is the total purchases with US Bank. The tandem of Exhibit 5 and 6 show that the relative volume of transactions with US Bank did impact the sample since a large part of the sample was selected randomly.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

RESULTS

Exhibit 7 Purchases by Merchant of 1% or More (Total Population)

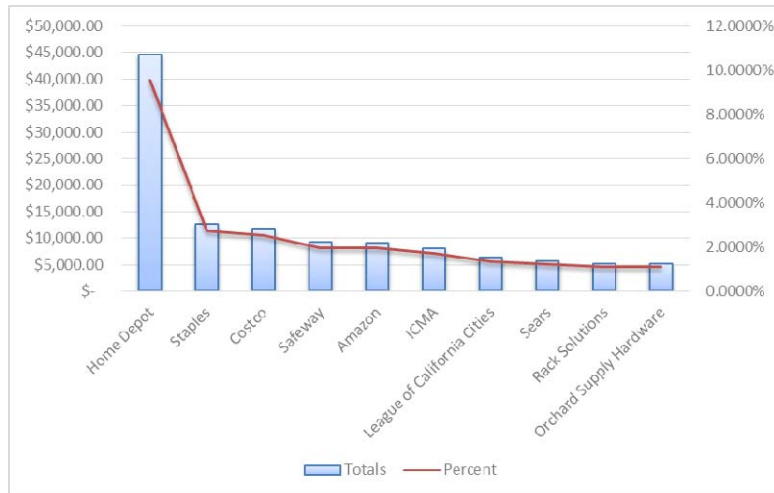


Exhibit 7 depicts the total purchases by merchant for those merchants that were 1% or more of total purchases in the *population*. The most important factor to note is that Home Depot exceeded 10% while no other purchases at any one merchant were more than 4% of total purchases.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

RESULTS

Exhibit 8 Identification of Key Controls

No.	Key Control Description or Audit Procedure Performed	Included in Policy	Existing Control	CalCard	Store Card	Applicable Departments
1	Evidence exists of City verifying that amounts from CC statement ties to supporting receipts and other detail		x	x	x	All
2	Amounts from CC statement ties to supporting receipts and other detail	x	x	x	x	All
3	Verified approval from Department Director for issuance or use of store credit card and CalCard	x	x	x	x	All
4	Verified that credit card and assigned employee was included in list of credit cards maintained by Finance and included the store name and last 4 digits of card number	x	x	x	x	All
5	Statement, receipts or other support include adequate description of transaction		x	x	x	All
6	Verified that reconciliations and approvals were performed by Finance each month (monthly basis)	x	x	x	x	Finance
7	Voucher Requests were submitted timely to AP for review		x	x		Finance
8	Voucher request includes prepared by information		x	x		All
9	Voucher request includes date initiated		x	x		All
10	Voucher request itemizes and includes adequate description, account numbers and transaction amount		x	x		All
11	Voucher request has finance signature and date		x	x		Finance
12	Voucher request has department head signature and date		x	x		All
13	Voucher request has signature and date of City Manager or Admin Services Director for items of \$10,000 or more		x	x		All
14	GL account coding appears accurate and consistent from transaction detail to voucher	x	x	x	x	All
15	Amounts from CalCard statement agrees with voucher request form		x	x		All
16	Evidence of routine and timely review by Finance of detailed card transactions before payment is processed (Finance/monthly)		x	x		Finance
17	Evidence of review of detailed card transactions before statement is submitted to finance for payment		x	x		All
18	Cardholder signature and date present on statement			x		All
19	Approver signature and date present on statement or prelist		x	x	x	All
20	Itemized receipt attached as supporting documentation		x	x		All
21	Itemized receipt approved by supervisor		x		x	Recreation
22	Verified employee has signed an "Acknowledgement of Receipt" form upon receiving credit card.	x	x	x		All
23	Verified travel expense report is present for travel costs	x	x	x		All
24	Verified credit card statement was paid in a timely manner		x	x	x	All
25	Verified employee reimbursement form is signed by both employee & department manager and CC charge not duplicated		x	x	x	All
26	Verified issuance of credit card to employee is appropriate	x	x	x	x	All
27	Store cards invoices were stamped to approve for payment, initialed, and dated		x		x	All
28	Purchase order issued to control spending and type of purchases made and PO # is identified in support		x		x	All
29	Store cards noted partial or full payment, noted the PO#, and the amount of the payment.		x		x	All
30	Verified that all store cards are issued in just the name of the City and not employee names	x	x		x	All
31	Verified that CalCards issued to employees were done so under the City's master account			x		All
32	Transaction appears to be an appropriate use of public funds	x	x	x	x	All
33	Charges allowable and not specifically prohibited by policy	x	x	x	x	All
34	Access/use of card was properly authorized either by assignment or a sign-out log				x	Recreation

Exhibit 8 summarizes the key controls identified in the engagement and whether or not the key control was included in the City's existing policy, was an existing control performed, was applicable to CalCards, store cards or both, and what departments the control applied to.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

PROCEDURE 1

We reviewed and assessed the City's existing credit card policy to determine if the City's controls and processes were adequate and that credit cards were used appropriately. During our review of the City's credit card policy, we identified the following Credit Card Findings and Recommendations (CCFR):

- CCFR-P1-1: The credit card policy does not clearly differentiate between store cards and CalCards and the procedures and controls related to each.
- CCFR-P1-2: The general organization and detail of the City's credit card policy can be improved. **Attachment B** provides a sample of procedures and policies the City may want to consider including in its policy and has been organized by sections similar to the City's current policy. **Attachment C** provides a sample credit card policy used by another local government that the City can use as a guide to update its policy. Note that **Attachment B** is not intended to be all inclusive and is simply an example of some improvements that can be made to the City's current policy by specific area covered.
- CCFR-P1-3: The City may want to consider updating the credit card policy to include a provision stating that by approving a requisition through the City's financial system (GEMS), department managers are also approving the line-by-line transactions in each monthly credit card statement to be paid. Alternatively, the department manager could initial and date the statements in addition to the employee that processes them for payment. This applies to store cards using purchase orders, more so than CalCards using voucher requests.
- CCFR-P1-4: For the departments that actually have their own internal credit card policies, the City may consider consolidating those policies and procedures with the City's master policy and then distributing and training key department employees on the new master policy. Having one uniform policy with specific procedures for each department by section would allow the City to establish centralized control and review of the policy and credit cards in a timely and routine basis. This would also reduce any redundancy that might exist between departments.
- CCFR-P1-5: The City may want to consider updating its credit card policy to contain specific procedures in regard to internet transactions. There are certain areas that inherently have a higher risk of exposure such as saving credit card information in websites and the use of employee usernames and passwords across multiple websites. In general, the identification of allowable and prohibited internet purchases in the City's credit card policy could reduce this risk. In addition, the City may consider identifying two or three "preferred" internet vendors, such as Amazon, that employees should utilize to make internet purchases. This would reduce the risk of exposure to internet theft from both the employee and third parties. This also reduces the risk that employees can access card information on certain websites after they have terminated their employment with the City.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

- CCFR–P1–6: Related to item CCFR – 5, it may reduce the City's exposure to credit card fraud if the City's policy dictates that Human Resources flag terminated employees that have credit cards, or have had access to credit cards, and reports those to Finance and the department manager to ensure the credit card is cancelled or access to online accounts has been removed. For shared credit cards and accounts, such as store card, or for US Bank CalCards that multiple employees have had access, the City should maintain a list of the websites visited and unique logins created. All such logins should be cancelled and closed upon an employee termination. The City may consider establishing in its policy a standard process for establishing usernames and logins that can either be controlled by Finance or each department manager then reviewed by Finance on a regular basis. We recommend that the City update its checklist for termed employees to include a review of the credit cards issued to terminated employees before the final paycheck is created and make this a part of the exit process.
- CCFR–P1–7: The City may consider including information in its credit card policy regarding the consequences if an employee misuses a credit card or does not follow policy. It may be beneficial to list specific scenario's that could result in termination, review or other types of reprimands.
- CCFR–P1–8: In general, we recommend that the City implement a policy that provides more control over the issuance, usage and management of all credit cards and credit accounts. **Attachment C** is an example of a credit card policy that establishes a higher level of oversight and control in Finance in order to reduce the risk of abuse at every other department in the organization. During the period under review, it was evident that department managers could issue credit cards without approval, review or notification from or to the Finance department and the City's current policy does not provide direction in this area.
- CCFR–P1–9: The City may consider establishing written policies and procedures for each type of card in general or each type of card by department. For example, in addition to general City-wide guidelines on credit card issuance and usage, the City could identify specific limitations and guidelines on the use of a Home Depot credit card for specific departments.
- CCFR–P1–10: While the City has processes in place to review credit card transactions, it is possible that more controls could be established to stop certain purchases from occurring. The bank that administers the City's CalCard program can limit purchases to vendors by Merchant Category Codes (MCCs). The bank that administers the purchase card program can set restrictions by broad category like retail stores, contracted services, or transportation. The City could establish customized blocks for groups (like different departments) and individual cardholders. Some examples of MCCs that could be blocked in order to reduce the opportunity for personal and other unallowable purchases include amusement parks, babysitting services, bars, betting, jewelry, and pawn shops.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

PROCEDURE 2

We performed an extensive sampling of City issued credit card transactions to determine compliance with existing City policy and procedures for fiscal year 2012-13 and through January 31, 2014 of fiscal year 2013-14.

The following summarizes the exceptions we identified in the sample tested by key control:

Exhibit 9 Summary of Exceptions by Key Control

Key Control No.	Key Control and/or Procedure Performed	Total Exceptions
1	Evidence exists of city verifying that amounts from CC statement ties to supporting receipts and other detail	136
2	Amounts from CC statement ties to supporting receipts and other detail	25
3	Verified approval from Department Director for issuance or use of store credit card and Cal card	173
4	Verified that credit card and assigned employee was included in list of credit cards maintained by Finance and included the store name and last 4 digits of card number	127
5	Statement, receipts or other support include adequate description of transaction	5
6	Verified that reconciliations and approvals were performed by Finance timely (monthly basis)	126
7	Voucher Requests were submitted timely to Finance for review	1
8	Voucher request includes prepared by information	2
9	Voucher request includes date initiated	0
10	Voucher request itemizes and includes adequate description, account numbers and transaction amount	1
11	Voucher request has finance signature and date	4
12	GL account coding appears accurate and consistent from transaction detail to voucher	32
13	Voucher request has signature and date of City Manager or Admin Services Director for items of \$10,000 or more	0
14	Voucher request has department approver signature and date	4
15	Amounts from CalCard statement agrees with voucher request form	1
16	Evidence timely review of detailed card transactions by finance, and that before payment is processed (Finance/monthly)	2
17	Evidence of review of detailed card transactions before statement is submitted to finance for payment	10
18	Cardholder signature and date present on statement	27
19	Approver signature and date present on statement or prelist/or system audit trail of PR approval	126
20	Itemized receipt attached as supporting documentation	39
21	Itemized receipt approved by supervisor	115
22	Verified employee has signed an "Acknowledgement of Receipt" form upon receiving credit card.	0
23	Verified travel expense report is present for travel costs	6
24	Verified credit card statement was paid in a timely manner	1
25	Verified employee reimbursement form is signed by both employee & department manager and CC charge not duplicated	3
26	Access/use of card was properly authorized either by assignment or a sign-out log	29
27	Charges allowable and not specifically prohibited by policy	4
28	Transaction appears to be an appropriate use of public funds	6
29	Verified that calcards issued to employees were done so under the City's master account	0
30	Verified that all store cards are issued in the name of the City and not employee names	57
31	Store cards noted partial or full payment, noted the PO#, and the amount of the payment.	13
32	Purchase order issued to control spending and type of purchases made and PO # is identified in support	6
33	Store cards invoices were stamped to approve for payment, initialed, and dated	11
34	Verified issuance of credit card to employee is appropriate	10
Total Exceptions for All Key Controls and Sampled Items		1102

An exception is defined as a deviation from an identified key control or procedure performed.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

The following provides a general description of the factors involved in identifying exceptions during testing by key control or procedure performed:

Exhibit 10 General Descriptions of Exceptions by Key Control

Key Control No.	General Description of an Exception
1	Missing initial, date, signature, tickmarks or any other actual notation tying statement to support.
2	Receipts where not included with statement and package submitted for payment.
3	No evidence of department manager approval of card issuance or usage.
4	If most cases, it appears that a list of cardholders was not maintained and submitted to finance at least annually during the period under review.
5	Adequate documentation describing and supporting the transaction was not maintained
6	No evidence of Finance reconciliation or approval notated in support.
7	Generally within 30 days of having received the statement.
8	The voucher request form has lines to be completed by the preparer. If this information is missing, it's an exception.
9	The voucher request form has lines to be completed by the preparer. If this information is missing, it's an exception.
10	The voucher request form has lines to be completed by the preparer. If this information is missing, it's an exception.
11	Missing signature and date from Finance.
12	Missing department manager signature and date.
13	Missing signature and date from City Manager or Admin Services Director.
14	Missing GL account number or coding appears incorrect.
15	Amounts do not agree.
16	Missing initial, date, tickmark, or notation evidencing that Finance performed a detailed review prior to payment.
17	Missing initial, date, tickmark, or notation evidencing that Finance performed a detailed review prior to submitting to Finance by department.
18	Most statements have a signature line, if not then at minimum an initial and date evidencing review by the cardholder should be present
19	Missing evidence of signature, or initial, and date from the person in the department or Finance approving the transactions.
20	Receipts and other support may be present, but no line by line itemized receipt.
21	Receipts and other support may be present, but no line by line itemized receipt with evidence of approval. Or, simply no approval found on the itemized receipt or other documents supporting the itemized receipt.
22	Finance maintains these forms for all accounts that are in an employees name. Any missing forms is an exception.
23	Using credit cards does not pre-empt the use of travel reimbursement forms. A missing form for any travel expense is an exception.
24	Credit card statement should be paid by the statement due date.
25	Missing signatures or missing forms is an exception. Having submitted the form for reimbursement via check in addition to paying for the item with a City credit card is an exception.
26	Generally, transactions of larger amounts should not be made with City cards. Infrequent use of a CalCard in an employees name could be an exception.
27	Missing stamp or missing initial and date is an exception.
28	PO number not identified in supporting documents or no PO exists for certain types of transactions.
29	Missing evidence of full or partial payment, the payment amount and PO number is an exception.
30	Store card issued in an employees name or issued in City's name but with a separate "sub-account" in the employees name.
31	An exception would be a CalCard issued under just an employees name.
32	Transactions that violate City policy, appear inappropriate in nature, or appear to be a misuse of public funds using the "prudent person rule".
33	An exception is a charge that is not allowable and specifically prohibited by City Policy, such as personal expenses.
34	An employee using a card assigned to another employee without approval or an employee using a store card without approval or updating a log when present is an exception.

Exhibit 10 reflects the general criteria we used to identify an exception or deviation when testing key controls for each applicable transaction.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

**Exhibit 11
Exceptions by Department**

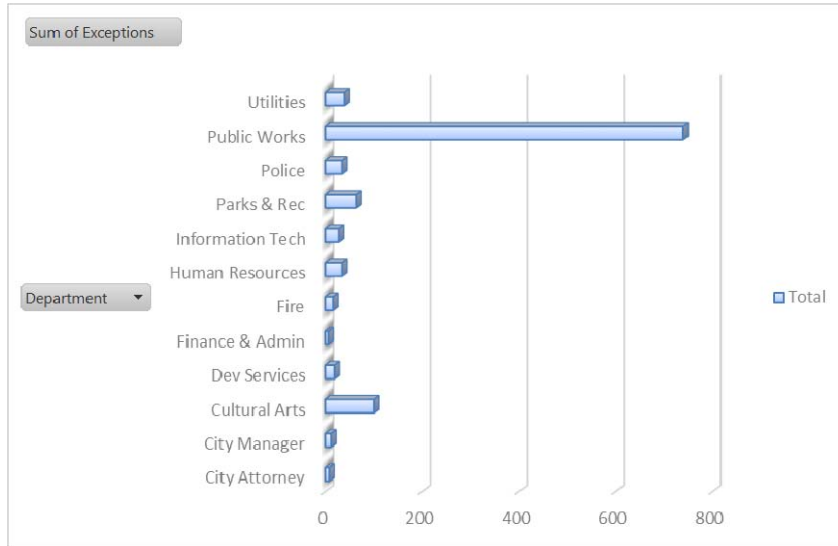


Exhibit 11 summarizes the exceptions by department and the results are indicative of the number of transactions tested by department. Since public works made up a large percentage of the population, our sample included more transactions from public works. The exceptions noted are a multiple of each deviation from an applicable key control for each transaction sampled.

The following exhibits present the amount of CalCard purchases and the number of transactions per employee for the period under examination:

**Exhibit 12
CalCard Purchases by Employee (Total Population)^{1,2}**

Employee	Amount	Employee	Amount	Employee	Amount	Employee	Amount
LOVELLED	\$ 65	ENGEN MATTHEW C	\$ 1,324	REYNA STEPHANIE	\$ 3,755	CHURCHILL LEON	\$ 9,237
FLEISCHMANN CAR	\$ 122	MERJIL STACEY	\$ 1,338	EDWARDS SANDRA	\$ 3,991	CONTRERAS JESSI	\$ 9,320
DEPARTMENT 2 FI	\$ 142	KELLOGG ANDREW	\$ 1,338	RICHARDSON ADRI	\$ 4,024	SODERGREN DANIE	\$ 9,869
SANT DAVID	\$ 204	TOBECK KEVIN L	\$ 1,465	MENDES AMIE	\$ 4,262	DAVIS SHARON K	\$ 9,985
DEPARTMENT 1 FI	\$ 278	CARIGLIO JENNIF	\$ 1,902	BUCHANAN ROD	\$ 4,936	DEARBORN MIDORI	\$ 11,059
FERGUSON DAVID	\$ 289	CONTRERAS MIKE	\$ 1,910	CARLOS JUDITE	\$ 5,279	WILSON WILLIAM	\$ 11,997
DEAN WILLIAM	\$ 407	BRAMELL DAVID A	\$ 1,946	ROBERTS ARLENE	\$ 5,388	ALONZO RALPH	\$ 12,140
NERO ALFORD	\$ 465	LUDEMAN BRUCE	\$ 2,373	GRAVELLE ROBERT	\$ 5,958	GOULART MARGIE	\$ 12,154
DEPARTMENT 3 FI	\$ 480	GUTIERREZ MONIC	\$ 2,437	SILVA ELIZABETH	\$ 6,180	HURTADO MARIA	\$ 13,542
MACDONALD BRIAN	\$ 728	PRAMOD JANE	\$ 2,795	VIEIRA CONNIE	\$ 6,558	JOHNSTON LAURA	\$ 15,224
FARMANIAN GREGO	\$ 763	DOYLE ERIC J	\$ 2,902	CONTRERAS ANA	\$ 7,096	ZANDONA CAROL L	\$ 16,047
CARRERA VANESSA	\$ 927	BELL COURTNEY	\$ 3,118	SAYRE ELIZABETH	\$ 7,535	SCARLATA KIMBER	\$ 18,308
WATNEY JEREMY	\$ 1,004	BOWER LINDA L	\$ 3,122	JORGENSEN KEVIN	\$ 7,673	SMITH LANI	\$ 20,532
SMITH LAURA	\$ 1,287	BORWICK ALLAN J	\$ 3,450	HAMPTON GARY	\$ 7,986	JAUREGUI JOLENE	\$ 20,571
DUXBURY MARK	\$ 1,292	HARUYAMA JENNY	\$ 3,613	SCHOLL DON	\$ 8,591	HASKETT JEFFREY	\$ 23,822

¹ The number of purchases are not necessarily reflective of the individual cardholders as some purchases are department specific or for other employees due to a limited number of credit cards issued.

² This exhibit reflects both current and former employees.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations
For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

Exhibit 13
CalCard Transactions by Employee (Total Population)^{3,4}

Employee	Trans	Employee	Trans	Employee	Trans	Employee	Trans
DEAN WILLIAM	1	CARRERA VANESSA	13	BUCHANAN ROD	25	SCARLATA KIMBER	52
LOVELL ED	1	CONTRERAS MIKE	15	MENDES AMIE	30	CONTRERAS ANA	53
FLEISCHMANN CAR	2	PRAMOD JANE	15	CONTRERAS JESSI	33	VIEIRA CONNIE	56
DEPARTMENT 2 FI	3	DOYLE ERIC J	16	DEARBORN MIDORI	33	RICHARDSON ADRI	64
SANT DAVID	3	SMITH LAURA	16	HAMPTON GARY	34	WILSON WILLIAM	72
DEPARTMENT 1 FI	4	BORWICK ALLAN J	17	JORGENSEN KEVIN	38	GOULART MARGIE	74
WATNEY JEREMY	4	BRAMELL DAVID A	17	BOWER LINDA L	41	DAVIS SHARON K	85
DEPARTMENT 3 FI	6	CARIGLIO JENNIF	18	HURTADO MARIA	45	SA YRE ELIZABETH	88
FERGUSON DAVID	6	EDWARDS SANDRA	18	REYNA STEPHANIE	45	CHURCHILL LEON	97
NERO ALFORD	7	LUDEMAN BRUCE	18	SODERGREN DANIE	46	SMITH LANI	102
ENGEN MATTHEW C	8	HARUYAMA JENNY	19	SILVA ELIZABETH	47	ZANDONA CAROL L	112
MACDONALD BRIAN	8	MERJIL STACEY	19	CARLOS JUDITE	49	JOHNSTON LAURA	150
FARMANIAN GREGO	10	DUXBURY MARK	20	GRAVELLE ROBERT	49	ALONZO RALPH	230
TOBECK KEVIN L	11	GUTIERREZ MONIC	24	SCHOLL DON	49	JAUREGUI JOLENE	231
KELLOGG ANDREW	12	BELL COURTNEY	25	ROBERTS ARLENE	52	HASKETT JEFFREY	250

Exhibits 12 and 13 provide the City with additional information regarding employee credit card transactions which the City can consider in its action to be taken as a result of the recommendations made in this report. The City can use this information to determine if the number of credit cards should be reduced.

The City can reduce its potential financial risk in various ways. Specifically, it can reduce the number of outstanding cards and establish controls to limit the types of purchases that can be charged. While some cardholders had several thousand dollars in purchases, others rarely used their cards. It is unclear if these low-use cards are needed and if keeping them is worth the risk. More cards in use increases the risk that cards will be used for unallowable purchases. It also means that employees must spend time reviewing and processing card transactions. While there may be reasons to keep some of these credit cards, it is likely that employees who make infrequent purchases with the cards could use other methods – like purchase orders – to pay City expenses. While a low-use card might indicate that the card was not needed, other criteria could be used to limit the number of cards citywide. For example, departments could reassess if providing the cards to current cardholders is appropriate based on types of charges, frequency of use, and purchasing alternatives.

³ The number of purchases are not necessarily reflective of the individual cardholders as some purchases are department specific or for other employees due to a limited number of credit cards issued.

⁴ This exhibit reflects both current and former employees.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

PROCEDURE 3

We performed an evaluation of credit card processing desk procedures followed by administrative and finance staff and identified the following Credit Card Findings and Recommendations (CCFR):

- CCFR-P3-1: The Fire department requires that employees log the use of store credit cards that are available to more than one employee. These cards are kept in a centralized secure location within the department. However, the Fire department has been shredding the logs for accounts that were cancelled and closed, and during our examination we were unable to verify that this control was working properly for certain accounts. We recommend that the Fire department maintain these logs for 5 years as a matter of public record.
- CCFR-P3-2: We noted that the list of store credit cards does not identify limits for each card.
- CCFR-P3-3: We noted that the list of credit cards (for all City cards) was not routinely provided to or updated by finance for review and approval for the period under review. Based on inquiries with staff, it appeared that this procedure had not been performed in the five years previous to the fiscal year ended June 30, 2013 and most likely even beyond that point as there were no records to support that this had been completed. During our testing of the key controls identified in Procedure 2, we compared the accounts selected in our sample with the list of cards provided to us by the City and found eighteen store cards in our sample that were not included in the list. After further inquiry with Finance staff, we concluded that most of these cards had been closed subsequent to the period under examination and the list of cards provided by the City reflects the accounts that were open through March of 2014.
- CCFR-P3-4: During our review, we noted the list of CalCards did not contain the last four digits of the card number and the expiration date for each card.
- CCFR-P3-5: As a part of its accounts payable payment process, the City requires that completed voucher requests accompany any credit card statements that needs to be paid if that card does not have a purchase order associated with it. In the payment package submitted to Finance for CalCards, the departments are required to include a voucher for each credit card statement by employee and then a summary voucher that ties to the City's master credit card statement, which is a summary bill with a total amount due. We recommend that the City require the departments to summarize a total for each of the supporting vouchers submitted directly in the summary voucher and reference to the supporting vouchers, instead of just providing one total amount due in the summary voucher. This will improve the effectiveness and efficiency of the Finance department's review and payment process and provide a better audit trail.
- CCFR-P3-6: We recommend that the City update its "Acknowledgment of Receipt of City of Tracy Credit Card" form with a more comprehensive "Cardholder Agreement" that covers all City cards assigned to, or issued in the name of, an employee and acknowledges the receipt of the City's credit card policy. See Attachment D for an example.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

FINDINGS AND RECOMMENDATIONS

- CCFR-P3-7: Store Cards – We recommend that Finance review the detail and supporting receipts/invoices before approving the payment of store credit card statements and provide evidence of that review via tickmark or initial. The intention is to have a routine line-by-line review by someone outside of the originating department. If it is not possible to perform such as review prior to each payment, then internal audits or spot checks quarterly or randomly throughout the year will suffice.
- CCFR-P3-8: Store Cards – We recommend that Department managers sign the prelists and/or store credit card statement.
- CCFR-P3-9: Store Cards – We recommend that Finance develop a formal process and documents for opening and closing accounts. The process can be initiated by departments, but the actual function should be performed by Finance and not by each department in order to minimize control risks.
- CCFR-P3-10: Store Cards – During our testing, we noted that the Fire department does not provide Finance with sales receipts to support credit card transactions. They shred the receipts after they have been checked against the invoice. Copies or originals of all receipts should be included with the credit card statement when sent to Finance.
- CCFR-P3-11: During our testing, we discovered that a requisition had been approved and converted to a purchase order without management approval or release in GEMS, the City's financial software. These two functions should be segregated within the system and employees should not be able to initiate a requisition and approve the requisition. We examined the GEMS PR/PO audit trail report and noted several other occurrences. This issue appears to be a systematic error within GEMS that could lead to larger issues.
- CCFR-P3-12: CalCard – We recommend that employee cardholders sign the CalCard statements or the Voucher Request forms to reduce the opportunity for inappropriate use. Most employees will be less likely to abuse the credit card if they sign the statements and take direct responsibility over the purchases they made. During the period we reviewed, we noted that some departments did have the cardholder and approver sign the statement. However, this was rare.
- CCFR-P3-13: CalCard – We recommend that the department manager sign the CalCard statement or that the City add a statement regarding the thorough review of transactions and that they were all allowable to the voucher request form. This will make review easier, provide a better audit trail and reduce the risk of inappropriate use.
- CCFR-P3-14: We recommend that the City update its policy to include a “missing sales receipt process”. Currently Finance will email departments in regards to missing receipts, which is fine. However, clear expectations and timelines outlined in the City's policy would improve the efficiency of this process and increase the awareness of employees when it comes to ensuring they keep all of their receipts.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

Attachment A Summary Walkthrough Documentation

Verify Our Understanding of the Process		Determine Whether Key Controls Have Been Implemented		Conclude					
Evidence that the process functions as documented <i>(describe the persons interviewed, documents inspected, processes observed, etc.)</i>		Key Controls		Evidence that key controls have been implemented <i>(describe the persons interviewed, documents inspected, processes observed, etc.)</i>					
Transaction				Understand the procedures and related controls <i>(Yes, No)</i>	Are aware of deviations from the prescribed procedures <i>(Yes, No)</i>	Recognize what an error is and understand how to resolve it <i>(Yes, No)</i>	Are aware of processing errors during the year <i>(Yes, No)</i>	The process operates as documented <i>(Yes, No)</i>	Key controls are implemented <i>(Yes, No)</i>
STORE CARDS - Card assignment and tracking	The Department Directors approve and assign Store Cards to specific employees. By July 1 of each year, the Department Directors provide the Finance Department with a list of all Store Cards. The Senior Accounting Assistant will compare those lists to her master list of Store Cards.	KC 1 - All Store Cards are accounted for and tracked by the Finance Department by reconciling her master list to lists of issued cards provided by Departments Directors	Interviewed: Eileen Solario, Sr. Accounting Assistant. Observable Processes: KC 1 - Observe that the list of issued cards includes all cards issued and that there is file from the department heads noting all cards issued to their department. Documents Examined: KC 1 - Examined the list of credit cards from the Fire Department and noted that the information agreed with the Senior Accounting Assistant's master list of store cards.	Yes	No	Yes	Yes	No, the list of cards did not include all cards issued and the list had missing info about the cards	Yes
CalCards - Card issuance and tracking	Department Directors authorize/request for new CalCards to be opened for specific employees by emailing the Accounting Technician. The Accounting Technician will submit the request to CalCards. The new cards are received by the Accounting Technician, who will then email the cardholder and the Department Admin to come to the Finance department to pick up their new card. The cardholder signs an Acknowledgment of Receipt of City of Tracy Credit Card form prior to being issued the new card.	KC 1 - Department Directors authorize issuance of new CalCards to specific employees. KC 2 - The employee/cardholder is required to sign an Acknowledgment of Receipt of the card prior to being issued the card.	Interviewed: Peggy Barnes, Accounting Technician Observable Processes: KC 1 - Observe that there is a file with emails from department heads authorizing the issuance of CalCards to specific employees, as well as Acknowledgments of Receipt signed by the cardholder. KC 1 - Observe that there is a file with Acknowledgments of Receipt signed by the cardholder. Documents Examined: KC 1 & KC 2 - Examined the Acknowledgment Form for cardholder Mark Dushbury and noted the corresponding email from Gary Hampton, the Department Director, requesting the new card for the employee.	Yes	Yes	Yes	Yes	Yes	Yes
STORE CARDS - Recreation Division controls over access and use of Store Cards	The Recreation Division Admin maintains the shared Store Cards in a locked box. When an employee needs to use the card, the employee signs out for the card in a log.	KC 1 - Only the Department Admin has access to locked box containing the Store Cards KC 2 - Store Cards are logged in and out when they are used	Interviewed: Laura Smith, Administrative Assistant II for Recreation Division Observable Processes: KC 1 - Observe the existence of a locking drawer. KC 2 - Observed that the log was being properly used and that are cards were present unless otherwise signed out. Documents Examined: KC 1 - Identified the drawer where the Store Cards are locked up KC 2 - Examined the Store Cards log and noted that one card was signed out and all other cards present	Yes	Yes	Yes	Yes	Yes	Yes
STORE CARDS - PO are created in the amount of the balance due on the statement	The Department Admin prepares a PO in the GEMS system from the credit card statement. The PO gets electronically forwarded to the authorized approver to approve the PO in the system.	KC 1 - PO are created by the Department Admin and approved by the department head	Interviewed: Laura Smith, Administrative Assistant II for Recreation Division Observable Processes: KC 1 - Observe the audit trail for the creation of the PO and that it was properly created and authorized by the department head. Documents Examined: KC 1 - Examined the PO Approval Audit Trail Report for PO S017992 from the GEMS system noted that it was created by the department administrative assistant and was properly approved by the Management Analyst.	Yes	Yes	Yes	Yes	No, from our testing, we noted that several POs were created and approved by the admin without any management approval	No, the system controls should not allow for the PO creator to approve/release the PO
CalCard - Statement/invoice reconciliation	Cardholder statements are sent to the respective departments and the Corporate Account Summary statement is sent to the Finance department. Each department is responsible for reconciling their CalCard statement using the City's Voucher Request Form. Each charge on the statement is listed out on the Voucher Request Form noting the Vendor, Item Description, Account Coding, and Amount. All charges are supported by sales receipts/invoices.	KC 1 - Voucher Request Form is used to reconcile the CalCard statement KC 2 - All charges are supported by sales receipt/invoice	Interviewed: Peggy Barnes, Accounting Technician Observable Processes: KC 1 - Observe that the use of Voucher Request Forms. KC 2 - Observe that receipts were being attached to the CalCards. Documents Examined: KC 1 & KC 2 - Examined the Voucher Request Form for Ralph Alonzo and the corresponding CalCard statement for 1/22/14 and noted that the charges from the statement were properly itemized on the Voucher Request Form and supported by original sales receipts.	Yes	Yes	Yes	Yes	Yes	Yes
CalCard - CalCard statement approved for payment	The Department Directors review and sign the Voucher Request Form authorizing the charges. Management will have their Voucher Request Forms signed by a fellow management level person. The Voucher Request Form, along with the CalCard statements and supporting sales receipts are sent over to Finance by the 10th of every month. The Budget Officer reviews the Voucher Request for appropriateness and account coding, then signs the form to approve the payment.	KC 1 - Voucher Request Form is reviewed and signed by the Department Director KC 2 - Voucher Request Form is reviewed and signed by the City's Budget Officer	Interviewed: Peggy Barnes, Accounting Technician Observable Processes: KC 1 - Observe the presence of department head signatures on Voucher Request Forms. KC 2 - Observe the presence of the Budget Officer's signature on the Voucher Request Forms. Documents Examined: KC 1 & KC 2 - Examined the Voucher Request Form for Ralph Alonzo 2/10/14 and noted the Department Director's and Budget Officer's sign-off	No, from our testing, there was inconsistent evidence of thorough review of the transactions, and it does not appear that the approver understands specifically what they are approving	Yes	Yes	Yes	Yes	Yes
CalCards - Entry into GL	After all necessary approvals, the package is forwarded to the Accounting Technician for review. She checks for appropriate account coding and proper sales tax accrual where applicable. As she receives the Cardholder statements and supporting Voucher Request from each department, she marks it off her copy of the Corporate Account Summary Statement. The Accounting Technician enters the information from the Voucher Request forms into a master schedule (Excel workbook) and reconciles the totals to all the Corporate Account Summary Statement. She will enter the invoice into the GEMS accounting system by copying and pasting the description, account number, and amount from her master schedule into the GEMS system in edit mode. The Accounting Technician will then forward the package over to AP to complete the disbursement process.	KC 1 - The Accounting Technician reviews the Voucher Request Forms for account coding and proper sales tax accrual, then enters the transaction detail into the GEMS accounting system after the totals have been tied out	Interviewed: Peggy Barnes, Accounting Technician Observable Processes: KC 1 - Observe that the master schedule is being properly used and ties to the separate statements as well as the Corporate Summary statement. Documents Examined: KC 1 - Examined the Accounting Technician's master schedule summarizing all the Voucher Request forms for January 2014 and noted that the subtotal for Ralph Alonzo and the master schedule total tied to the CalCard Corporate Account Summary Statement.	Yes	Yes	Yes	Yes	Yes	Yes
STORE CARDS - Credit Card statement approved for payment by department	When the statement/invoice is received by the department, the Department Admin will stamp the statement/invoice to approve for payment, initial, date, circle Partial or Closed payment, note the PO#, and amount of payment	KC 1 - Credit Card statements are stamped, dated and PO# is noted KC 2 - Amount approved for payment is noted and statement is initialed by the Department Admin	Interviewed: Eileen Solario, Sr. Accounting Asst. Observable Processes: KC 1 & KC 2 - Observe that statements are properly stamped, dated and PO noted as well as amount approved for payment and initialed by the department. Documents Examined: KC 1 & KC 2 - Examined Walmart statement for 1/16/14 and noted that it had a stamp, date, initials, and PO#	Yes	Yes	Yes	Yes	Yes	Yes
STORE CARDS - Payment of Credit Card statement	The Department Admin will send the credit card statement along with supporting sales receipts and an AP Edit Report (print) from GEMS over to the finance department. The Senior Accounting Assistant verifies that the AP Edit Report ties to the supporting credit card statement and scans over the transactions for anything unusual or large amounts.	KC 1 - Credit card charges are supported by sales receipt or invoices KC 2 - AP Edit Report is supported by the credit card statement is tied out by the Senior Accounting Assistant	Interviewed: Eileen Solario, Sr. Accounting Asst. Observable Processes: KC 1 - Observed the Sr. Accounting, Asst. tie the AP Edit Report to the Costco 8/26/12 statement Documents Examined: KC 2 - Examined the 8/26/12 Costco statement and noted the \$139.44 charge on 7/27/12 and noted that the corresponding Costco sales receipt was attached	Yes	No, the review is merely to ensure that the Edit Report ties to the statement. There isn't a thorough review by Finance to ensure that the charges are properly supported by sales receipts	No, the review is merely to ensure that the Edit Report ties to the statement. There isn't a thorough review by Finance to ensure that the charges are properly supported by sales receipts	Yes	No, not all departments submit sales receipts with their statement to Finance for review.	No, not all departments submit sales receipts with their statement to Finance for review.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

Attachment B **Sample Policy Language for Inclusion in Existing Policy**

Areas in current policy:

Acknowledgement of receipt of City Cards

Purchases that are unauthorized, illegal, personal in nature, perceived to be unethical or that reflect a conflict of interest, or use that does not adhere to credit card use Board policy/administrative regulation or credit card use guidelines, or otherwise violate the intent of this policy may result in card revocation, City sanction, repayment to the City, legal action and/or be grounds for termination of employment.

Safekeeping & Card Security

Lost or Stolen Cards and Personal Information - Cardholders are not held personally responsible for cards that are lost or stolen, or that have outside fraudulent transactions. Issuing banks are not allowed to collect personal information, nor should any employee be required to provide the issuing bank any personal information (i.e. social security number) in order to be issued a card.

The following applies in regards to a credit card issued to an employee:

The credit card is issued in an individual employee's name and may not be used by anyone else.

Cards should be safely kept and secured. Cardholders are responsible for the security of their card and all transactions made by them or with their knowledge.

The credit card must not be used for personal purchases. If personal purchases are made, the situation will be handled as a misuse of government funds in accordance with Board Policy on misuse of funds and may lead to disciplinary action up to termination of employment and possible other legal remedies.

Single, daily and monthly transaction limits must be adhered to.

The credit card is not intended to avoid or bypass the Purchase Order process but to facilitate efficient yet accountable on-line purchasing, typical small dollar volume transactions and travel arrangements and expenditures. Single purchases above \$500 will continue to require a purchase order for payment. Use of the card is not intended to replace effective procurement planning that enables volume discounts or to apply sound and reasonable purchasing practice in achieving best value purchases.

Recordkeeping

Records shall be kept by the Business Office that include, at minimum: Titles, names, and sit locations of individuals authorized to be issued cards; Maximum single transaction and monthly limitations; Restrictions imposed on types of purchases allowed; Cardholder request forms signed by the cardholder and Chief Business Official; Acknowledgement form signed by the cardholder indicating receipt of card and understanding of the guidelines, policies and regulations governing card usage.

Possible New Sections to CC:

Roles and responsibilities

Program Coordinator - The person responsible for the implementation and continued monitoring of the credit card program is the Chief Business Official, and is the key point of contact for Cardholders and the Accounts Payable Technician. The Chief Business Official shall serve as the Program Coordinator between the issuing bank and the City.

Cardholder - A Cardholder is an authorized employee issued a credit card, who is responsible for committing purchases for the City in accordance with program guidelines and City policies and procedures. The Cardholder ensures that he/she submits a reconciled Statement of Account and forwards all slips/receipts, within five (5) business days after receipt to the Accounts Payable Technician. The cardholder is responsible for ensuring that his/her Statement of Account (monthly statement) is reviewed for accuracy and forwarded to the Accounts Payable Technician also within five (5) business days after receipt.

Authorized Cardholders - The following positions are authorized to be issued City credit cards: Superintendent and/or Secretary, Assistant Superintendent and/or Secretary, Chief Business Official and or/Secretary, Principals and/or site Secretaries, Director of Special Education, Director of Technology, Director of Bond Facilities Program, Director of Maintenance and Transportation. Additional positions may be authorized to be issued a City credit card based on appropriate justification and approval by the Superintendent/designee. A person in an authorized position may elect not to have a City credit card issued.

Transaction Limits

City credit cards are subject to the following limits: Single purchase limit of \$2,500 per each transaction unless a higher limit is authorized by the Superintendent/designee, Billing cycle (30 day) purchase limit of \$3,000 unless a higher limit is authorized by the Superintendent/designee. MAT Codes - Merchant Activity Type codes will be attached to each card, where the card will be denied if used for certain commodities/services not approved by the City for purchase by the Cardholder.

Program Guidelines

Credit card use guidelines shall be maintained and given to each cardholder by the Chief Business Official. These guidelines are incorporated by reference as an extension of intent of this AR to institute and enforce a credit card program that is clearly defined and allows for appropriate employee and City accountability and enforcement measures to be taken.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

Attachment C **Sample Credit Card Policy**

POLICY:

The City of Sample uses a variety of methods for the purchase of goods and services, including petty cash, purchase orders, blanket purchase orders, and direct pay (payment requests). Processing purchase orders is not cost effective for low dollar value goods and occasionally suppliers will not accept a purchase order. In addition, the Cal-Card will allow cardholders to take advantage of short-term sale discounts and to make purchases and/or reservations by phone and the internet. The purpose of this guide is to provide you, the Cardholder, with instructions on the proper use of the U.S. Bank CAL-Card Purchasing Card.

APPLICABILITY: This policy applies to all City of Sample employees who are issued a CAL-Card.

This Policy will provide instruction on the proper use of the City of Sample credit card for purchases of supplies, materials and equipment not to exceed limits established by the Finance Manager and your Department Head/Division Head or his or her designated authority.

U.S. Bank Corporate Payment Services provides the City of Sample with **VISA** credit cards. This card has been specifically designed to look different from personal credit cards. The card bears the City of Sample name and the Cardholder's name.

The bank will have no individual cardholder information other than the cardholder's work address. No credit records, social security numbers, etc., are maintained by U.S. Bank.

General Information

1. Prior to receiving a credit card, Finance Manager and City Manager will review a copy of the Request for Credit Card which indicates the maximum dollar amount for each single purchase and a total for all purchases made with the credit card within a given month. An example would be \$500 per transaction, and \$1,000 per month. However, the Finance Manager may establish lower or higher limits
2. The credit card is a supplement to the procurement process. The City's Purchasing Policies and Procedures Guidelines apply to all card purchases. In addition to the established Policies and Procedures the following conditions must be met when using the credit card:
 - a. The credit card should be used whenever possible in lieu of petty cash or small value purchase orders. A purchase order is not required when using the Cal-Card.
 - b. Each single purchase may be comprised of multiple items, but the total **including tax and shipping, cannot** exceed the single purchase dollar limit on your credit card.
 - c. For purchases that exceed transaction or spending limits, you must contact the Finance Manager, who in turn must contact the City Manager prior to using the card.
 - d. The least expensive item that meets your basic needs should be sought. Cardholders must ensure

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

that sufficient budgeted funds are available prior to making any purchases. The Finance Department can assist you in verifying that funds are available.

3. The issuance of a credit card in your name does not allow the credit card company to do any credit check on your personal credit. They will not request any personal information from you, nor should any personal information be furnished.
4. Use of the credit card is not intended to replace effective procurement planning which enables volume discounts, nor does it relieve you from adhering to all City and departmental acquisition regulations, policies and procedures. The City's Purchasing Policies and Procedures Manual still apply. If you have questions about procurement regulations, please contact the Finance Department.
5. Purchases must not be split to circumvent Purchasing Policies and Procedures and bid limits. If a purchase made with your credit card is questioned, you must be able to explain the nature of the purchase. If you cannot substantiate that the purchase was necessary and for official City use, Program Administrator/City Manager will address this situation in accordance with City policy.
6. Questions regarding your account or specific procedures should be directed to the Finance Department.
7. ONLY purchases for City business are allowed. At no time will the cardholder use the Cal-Card for personal purposes.

Card Restriction

The credit card can be used to purchase supplies, materials, and equipment that do not exceed the single transaction limit. The credit card shall not be used for the following:

1. Financial Institutions Manual & Automatic Cash Advances.
2. Wire Transfer-Money Orders.
3. Purchases from Vendors with established open purchase orders.
4. Rentals EXCEPT for small pieces of equipment not exceeding a week in duration.
5. Items available from City wide contracts and agreements such as office supplies.
6. Machinery that requires a maintenance agreement.
7. Payments to independent contractors.
8. Fixed Asset Purchases - All Fixed Assets (\$2,000 or more in value) must be purchased with a City purchase order.
9. See also CAL-Card Restricted Merchant Category Codes List.

Other restrictions may be applied by the City Manager and the Finance Manager.

If you have any questions regarding restricted purchases contact the Finance Manager at 999-1234.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

Areas of Responsibility

U.S. BANK RESPONSIBILITIES

U.S. Bank is the Procurement Credit Card contractor who will issue the Procurement Credit Cards. All cardholders will receive their Procurement Credit Card from the Purchasing Division. Cardholders will be advised when their card is available. The cardholder must sign a memorandum acknowledging receipt of the Procurement Credit Card and sign that they have read and fully understood the CAL-Card Policies and Procedures.

FINANCE DEPARTMENT RESPONSIBILITIES

The Finance Department will administer the CAL-Card program and be responsible for accumulating, reporting, coordinating, developing and administering a complete training program and evaluating all aspects of the program. The Accounts Payable Division will be responsible for issuing final payment, upon correct & complete submission. In addition the Finance Department will:

1. Ensure Cardholder Statements are received in a timely manner as described in this policy.
2. Ensure all proper documentation is attached to the monthly Procurement Credit Card Statement and review all charges for appropriateness, prohibited items, and correct budget codes.
3. Resolve questions that you may have on the purchases that appear on the Cardholder' Statement.
4. Sign and date on Approver line of Cardholder's Statement.
5. Request new cards.
6. Request and/or approve increased or decreased limits to existing Cardholder's Account.
7. Insure that all purchases comply with the City's Cal-Card Program and with the City's Purchasing Policy and Procedures. Resolution for improper use of the credit card can result in card termination and disciplinary action.

CARDHOLDER RESPONSIBILITIES

1. Sign your card in the signature panel.
2. Maintain card security to prevent unauthorized charges against your account.
3. Obtain a receipt at the point of purchase and verify it for accuracy.
4. Reconcile receipts and documentation to your monthly Cardholder Statement.
5. Indicate the appropriate departmental budget and product code and description for each transaction.
6. Attach all sales receipts in the same order as listed on the Statement of Account, postmarked envelope and copies of mail/telephone orders to the statement.
7. Sign your Cardholder Statement.
8. Submit Statement to the Finance Department within five (5) days of receipt.
9. Notify the Finance Department immediately to report lost or stolen cards.
10. Notify the Finance Department of any billing discrepancies posted on your Cardholder Statement that cannot be resolved with the merchant.
11. Do not allow any member of your staff, family or supervisor to use this card. You, alone, are authorized to use this card. It may not be delegated. It has been especially designed to prevent you from confusing it with your personal credit cards. The card is to be used for City business and may not be used for personal purchases. VIOLATIONS IN ANY OF THE ABOVE AREAS

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

ARE GROUNDS FOR REVOCATION OF ALL CAL-CARD PRIVILEGES AND APPROPRIATE DISCIPLINE.

12. Comply with all City of Sample Purchasing Policy and Guidelines for Purchase of Commodities.

Procedure

You will be required to attend an educational class prior to receiving your card. You will be notified by Finance when your credit card has been received.

You will be required to sign the Procurement Card Program Cardholder Agreement form and the CALCard Receipt Acknowledgement form prior to issuance of your credit card.

You may use the credit card at any merchant which accepts VISA cards for payment of purchases.

Upon selecting your purchases, present your card to the merchant. The merchant will complete a sales draft which includes the following information:

- Imprint of your card; including card number, expiration date, and your name.
- Date and amount of purchase.
- Brief description of item(s) being purchased. (NOTE: "miscellaneous" for a description is not acceptable and can result in a violation to the policy.)
- Imprint of merchant name and identification.

The merchant will obtain authorization for the transaction via either a telephone call or direct telecommunication link to the VISA authorization network. The merchant will obtain an authorization number as long as the purchase is within the limits established for your card which will be written on the sales draft.

Before you sign the sales draft, verify that the amount is correct and that sales tax has been added. A little extra attention at this point could save you hours of dispute resolution later. You will receive one copy of the signed sales draft. **RETAIN BOTH THE POINT OF SALE AND ITEMIZED SALES RECEIPT** in order to attach to your monthly statement of account. If you are doing business with a State that does not collect sales tax on the behalf of California, also known as use tax, you will need to make a note on your Cardholder Statement indicating such and noting our sales tax rate of 7.25% as a sales tax payable (STP) additional amount for Accounts Payables information.

Telephone, Internet or Mail Order Procedures

If you are authorized by the Finance Manager to make telephone, internet or phone orders with your credit card, print a copy of the purchase confirmation, code the confirmation page with the correct general ledger coding and send to the Accounts Payable for reconciling to the monthly statement. If you place an order through the mail, maintain a copy of your order form. Attach the order form and sales receipt, if available, to the statement in which the charge appears.

When placing a telephone or mail order, you will be asked to provide your name, card number, the expiration date on the card, and an address. Do not use your card for purchases by solicitation from

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

unknown sources. If you place your order through the internet, always verify that you are ordering from a secure, encrypted site when making internet based purchases. You will usually see a picture of a lock as confirmation that the site is secured. Always make sure you are dealing with reputable suppliers. You will be required to ask for a fully detailed receipt, including all charges with detailed descriptions.

Procedures After Purchase

At the close of each billing cycle, the 22nd of each month, US Bank will send to each card holder a Statement of Account for each cardholder itemizing all transactions made on that individual credit card account. Your Cardholder Statement should show up in your mail around the first of each month. If you have not received your Statement by the 5th of the month, please contact Finance so that they may assist you.

The Cardholder Statement will itemize each transaction that was posted to your purchasing card during the past billing cycle.

If you are unavailable to review your Statement of Account within the five (5) day period, due to illness, vacations, etc., it is your responsibility to facilitate the approval process during your absence through the Finance Department.

If a card holder had no purchase activity during a particular billing cycle, no statement will be generated for that card holder.

If you have returned an item purchased, attach the credit voucher to the statement on which the credit appears. If you have not received a credit voucher from your vendor, please make a note on your Cardholder Statement that a credit is due. You will be responsible for monitoring your account to make sure a credit is received on your next monthly billing and if not, contacting your merchant to follow up on credit issuance. (See below, Disputed Items)

Disputed Items

A dispute is a questionable purchasing card transaction posted to your Cardholder Statement. There are several reasons why a dispute might occur. Some examples include:

1. Merchandise/service not received - Your purchasing card account has been charged for a transaction(s), but the merchandise or service has not been received.
2. Merchandise returned - Your purchasing card account has been charged for a transaction(s), but the merchandise has been returned.
3. Unauthorized purchases - A charge on your purchasing card account that you did not participate in and did not authorize.
4. Duplicate processing - A charge on your purchasing card account that represents a multiple billing to the account. Only one charge from the merchant has been authorized.
5. Unrecognized - A charge on your purchasing card account that is not recognized. A copy of the documentation received from the merchant to certify the charge (sales draft, invoice) will be sent to the account holder for review.

If items purchased with the credit card are found defective, the cardholder has the responsibility to return

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

the item(s) to the merchant for replacement or to receive a credit on the purchase. If the merchant refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in DISPUTE and will not be paid until resolved. It is strongly recommended that the dispute be resolved with the merchant whenever possible. **Be advised that it is the responsibility of the card holder to resolve all disputes, whenever possible.**

If you encounter any of the above situations regarding your U.S. Bank Purchasing Card account, you need to take action immediately.

A disputed item that cannot be resolved with your merchant must be noted on your Cardholder Statement so it will not be paid until problem is resolved.

If you are unable to resolve an issue such as being charged for an item incorrectly, contact the Finance Department.

CAL-Card & the City Travel Policy

One of the advantages of the Cal-Card is that it provides a simple, expedient method for paying for airline tickets, lodging, seminar, workshop and/or conference registrations and parking while traveling. While these purchases are allowable, the card user bears the responsibility of knowing and following the City's travel policy. A "Travel Expense/Advance Request" form must be filled out prior to travel and be approved by the City Manager. This is where you will request an advance for your meals and mileage if you are driving. Your meals should always be requested as an advance on your "Travel Expense/Advance Request" form so that you are in total compliance with the City's per diem rates stated in our Travel Policy". Please make a note next to the airline, lodging, registration and parking if you have or will be using your CalCard to pay for any of these items.

Procedure: When submitting your "Travel Expense/Advance Request" form after travel is complete to your Department Head which then is turned into Accounts Payable with all of your point of sales and itemized receipts, you must submit a check or cash, for any amount that exceeds your advance for each meal limit.

Every Cardholder is required to read the attached City Travel Policy and sign the attached acknowledgement form prior to being issued a City CAL-Card.

Departure of Employee

Credit cards are issued to individual employees. If an employee leaves employment with the City, his/her card must be retrieved and forwarded to Finance. If a cardholder is transferred to another department, return the card to Finance, who will contact the new department to determine if the employee is to receive a credit card. If it is determined that the card should be kept, the file can be changed by the Finance Department via U.S. Bank's automated online system.

Requests for Additional Cards

All requests for new cardholders will be submitted in writing to the Finance Department. The Request for a Credit Card Form is enclosed in this Policy.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

Lost or Stolen Cards

Immediately notify US Bank and the Finance Department if your credit card is lost or stolen, or if you believe your account number has been comprised in any way. US Bank may be reached at:

1-800-344-5696

Provide the following information: Your complete name, card number, the date U.S. Bank was notified, and any purchase(s) made on the day the card was lost or stolen. A new card will be mailed to you within 24 hours and a new account number will be assigned.

IT IS IMPORTANT THAT YOU NOTIFY U.S. BANK AND THE FINANCE DEPARTMENT OF THE LOSS OR THEFT OF A CARD, ***IMMEDIATELY (IN THAT ORDER)***.

Changes to CardHolder's Information

Changes to a cardholder's name, address, and organization should be immediately reported to the Finance Department .

Upon leaving the City or transferring to another department, you must return your card to the Finance Department.

If you have any questions on the appropriate use of your credit card, please contact the Finance Department.

Missing Receipts

If you are missing backup material, i.e. point of sale and itemized receipts, include a Lost Receipt Claim Form with your Cardholder Statement explaining the circumstances and what course of action you took to get duplicate copies. It is the Cardholder's responsibility to contact the merchant and obtain a copy of the missing transaction slip(s) as soon as possible. A note should be made on the Cardholder's Statement next to the related charge indicating that the Lost Receipt Claim Form is attached. **Missing receipts should definitely be the rare exception, not the rule!!**

Note: If there are multiple instances of lost receipts, the Cal-Card will be revoked.

Fraud/Misuse

U.S. Bank's Fraud Prevention Unit continually monitors accounts and transactions to prevent and halt fraud activity. If fraud is suspected, the U.S. Bank Fraud Prevention Unit may contact Cardholders by telephone to inform them about the use (or attempted use) of their purchase card in a fraudulent manner. Cardholders can help to prevent fraud by carefully reviewing their Cardholder's Statement. If the Cardholder discovers a fraudulent transaction, the Cardholder should immediately report suspected fraud to U.S. Bank Customer Service.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

Audits

Audits will be conducted on your card activity, including retention of receipts/sales slips, improper/fraudulent use, and inappropriate use. Consequences, ranging from suspension of cards to termination of employment, will be invoked for improper use of the CAL-Card Program.

Ethics

Remember to always maintain a high degree of ethics in the use of your procurement card. When considering a questionable purchase, ask yourself if your manager, and their managers, and the City Council, and the public would approve. Ask yourself: What would it look like on the front page of the newspaper?

Summary

We continue to improve the way we conduct business. Your use of this program in conducting your daily business can help us make significant change in eliminating a variety of manual transactions. If you have any questions about the CAL-Card Program or need additional information, please contact the Finance Manager.

The CAL-Card can be a very useful business tool, and should be used in accordance with this policy and standard procurement guidelines. The Finance Manager has the authority in determining the issuance or continuance of cards. It is up to the Cardholder to utilize the CAL-Card in a responsible and auditable way, taking advantage of the unique cost saving, time savings, and management reporting capabilities available from this program!!

CONTACT INFORMATION

U.S. Bank Customer Service

Contact us 24 hours a day, 7 days a week

Toll Free: 800-344-5696

Fax: 866-851-7347

City of Sample Program Administrator

Name: Finance Manager

Phone: 530-999-6626

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

CAL-CARD RESTRICTED MERCHANT CATEGORY CODES

The Procurement Card is a purchasing card and may not be used for entertainment purposes by City employees. Travel expenses are considered restricted and must be approved by your Department Head prior to card use. Meetings/Travel Advances & Reimbursement Forms still must be submitted and used exclusively for meals and mileage. Pre-approved card use for hotel rooms shall be for the actual room charge and tax only, and shall not be used for additional room service, movie rentals, etc. Personal credit cards shall be put on file with the hotel front desk and shall be used for all non-business/personal charges.

The following Merchant Category Codes are excluded from the Procurement Card program:

- a) Wire Transfer, Money Orders
- b) Financial Institutions: Manual and Automatic Cash Advances
- c) Convenience Checks
- d) Non-Financial Institutions: Foreign currency, Money Order, Travelers Checks
- e) Security Brokers/Dealers
- f) Savings Bonds
- g) Timeshares
- h) Betting, Casino Gaming chips, Off-Track Betting
- i) Political Organizations
- j) Religious Organizations
- k) Court Costs, Alimony, Child Support
- l) Fines
- m) Bail and Bond Payment

Other restrictions may be applied by the Finance Department or City Manager.

CITY OF TRACY, CALIFORNIA

Credit Card Policy Review, Evaluation and Recommendations For the Period from July 1, 2012 through January 31, 2014

ATTACHMENTS

Attachment D Sample Acknowledgement Form

In connection with my employment, I am being entrusted with a City of Sample credit card. Upon my acceptance of any such card, I agree to the following conditions:

1. I agree to use the City of Sample credit card issued to me, or any other City of Sample card which comes into my possession, only for legitimate, official purposes for and on behalf of the City of Sample. UNDER NO CIRCUMSTANCES WILL I USE A CITY OF SAMPLE CREDIT CARD FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES. I further understand that the use of a City of Sample credit card to procure goods or service for other than legitimate, official purposes is fraudulent use. A "legitimate, official" use of a card is defined as using said card to procure goods or services authorized and necessary and ordinary purposes in connection with the operations and activities of the City of Sample. AN EMPLOYEE GUILTY OF FRAUDULENT USE MAY BE DISMISSED AND MAY BE SUBJECT TO CRIMINAL PROSECUTION.
2. I understand that the use of the credit card will be closely monitored and audited and any discrepancies will be immediately handled with the appropriate action.
3. I understand that the City of Sample will pay for all authorized and legitimate charges made on this card on behalf of the City of Sample as determined by the City's Finance Department.
4. I will follow established procedures for the use of the card and said procedures that have been provided, or explained, to me. I will not allow a third party to use the credit card. Any purchases made with my card will be considered made by me for which I will be accountable.
5. I will be responsible for the safe keeping of the City of Sample's credit card issued to me. If this card becomes lost or stolen, I will immediately report this to my supervisor, department head, or the Finance Department.
6. I understand and agree that should I leave employment with the City of Sample, it is my responsibility to return any card in my possession to the City of Sample prior to my last day of employment. I further agree to return any cards in my possession to the City of Sample upon request my supervisor, department head, or Finance Department.
7. I understand that my personal credit will not be affected by the use of the City of Sample's card legitimate, official purposes.
8. I certify that I have received and thoroughly the Credit Card Policy.

I have read, understand and agree to the conditions above:

Signature:

Date:

**CITY OF TRACY
CALIFORNIA**

CREDIT CARD FRAUD REPORT

For the Period of June 1, 2008 through January 31, 2014

* * *



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS
1475 SARATOGA AVE., SUITE 180
SAN JOSE, CA 95129



Independent Accountant’s Report on Applying Agreed-Upon Procedures

City Council and Management of the City of Tracy
 Tracy, CA

We have performed the procedures enumerated below, which were agreed to by management of the City of Tracy (the City), solely to assist you in evaluating the potential misuse of City credit cards for the period of June 1, 2008 through January 31, 2014. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in Government Auditing Standards issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures as requested by management:

1. We obtained all the credit card statements, reimbursement requests and pay vouchers, within the period identified above, for two former City employees and converted that data into an Excel database for each employee.
2. We identified transactions that appeared unusual for each City employee in the positions identified for examination.
3. We performed an internet search of all transactions identified as unusual to further identify appropriateness, or lack thereof, of each transaction.
4. For each of the two employees selected by the city, we provided a summary of transactions that could be fraudulent or at least unusual, inappropriate and potentially fraudulent.
5. We provided a vendor history summary of credit card transactions for each employee selected by the City.
6. Based on the findings, recommendations and best practices identified, we developed a template city-wide credit card policy, including but not limited to: authorization and card holder issuance and responsibilities; reporting requirements; unauthorized purchases; and parameters for usage.

As a result of the procedures listed above, we provided management with a summary of all credit card transactions identified as unusual by category (such as alcohol, gift cards, etc.) with an explanation as to why the items within a category were identified as unusual or potentially fraudulent. Each category was supported by the detail of all transactions, which included specific analysis of each item identified as unusual or potentially fraudulent. The following summarizes the results of the procedures performed and the information provided to management:

Categories	Items Flagged	Total Items Tested	Total Purchases		% Items		% Purchases	
			Flagged	Total Purchases	Flagged	Flagged		
Employee 1	12	82	936	\$ 8,319	\$ 89,233	8.76%	9.32%	
Employee 2	7	82	290	\$ 14,281	\$ 45,748	28.28%	31.22%	



We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on the credit card transactions and other information included in this report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

C & A LLP

July 21, 2014
San Jose, California

DRAFT

SUBJECT: Credit Card Policy
Procedure

DATE ISSUED _____, 2014
Revised: Month, Year

SECTION: C

SECTION 1: PURPOSE

The City of Tracy uses a variety of methods for the purchase of goods and services, including petty cash, purchase orders, blanket purchase orders, and direct pay (payment requests), along with credit cards, which are overseen by the Administrative Services Department's Finance Division. Processing purchase orders is not cost effective for low dollar value goods. Occasionally suppliers will not accept a purchase order which makes the use of a credit card more efficient. In addition, credit cards will allow Cardholders to take advantage of short-term sale discounts and to make purchases and/or reservations by phone and the internet. The purpose of this policy is to identify to the Cardholder the proper use of the U.S. Bank CalCard Purchasing Card as well as any other credit cards distributed for City business.

SECTION 2: OVERVIEW

The City credit card program allows oversight of purchases by Department Heads. There are built-in controls for specific categories of purchases, as well as single transactions and monthly dollar limits per credit card. Verification of all purchases is required by each Cardholder, with signature approval performed by the Cardholder's Supervisor and/or Department Head. All credit card purchases are reviewed monthly by the applicable Department Head and the Administrative Services Department's Finance Division.

This Policy will provide instruction on the proper use of the City of Tracy credit cards for purchases of supplies, materials and equipment and identify the not to exceed limits established by the Administrative Services Director and each Department's Department Head.

SECTION 3: PROCEDURE

A. AUTHORIZED CARDS

1. CalCard

U.S. Bank Corporate Payment Service is the credit card contractor that issues the City's Visa CalCards¹. This card has been specifically designed to look different from personal credit cards and bears the City of Tracy name and the Cardholder's name. The bank will have no individual Cardholder information other than the Cardholder's work address. No credit records, social security numbers, etc., are maintained by U.S. Bank. Use of a CalCard or gas card will not have any impact on the Cardholder's personal credit. CalCards can only be used by the individual to whom it has been issued. All Cardholders will receive their CalCard from the City of Tracy Finance Division's credit card coordinator.

2. GAS CARDS

Gas cards will be issued to authorized Public Works and Police Department staff by the Finance Division credit card coordinators. Depending on the vendor, these cards may be issued in the City's name or in the specific name of an employee. Use by anyone other than the authorized Cardholder is prohibited.

¹ In the event the City contracts with a different vendor, these same procedures will apply to the new credit card contractor and its purchase card.

B. CREDIT CARD ELIGIBILITY

Under the guidance of the Administrative Services Director, Department Heads are responsible for identifying which regular employees should be issued a CalCard, gas card, or gas cards. Limited service temporary employees cannot be assigned a CalCard, but may be authorized to use a gas card by their Supervisors and Department Head. Designated Cardholders are to be employees empowered by their Department Heads and Supervisors to:

1. Make purchases for work units.
2. Keep accurate itemized receipts and transaction records for all purchases.
3. Submit transaction records to Accounts Payable in a timely manner.

C. HOW TO OBTAIN A CREDIT CARD

1. Supervisors shall obtain a *Credit Card Holder Account Form* (Appendix A) from the City of Tracy Intranet (go to: Documents/Finance/Credit Card Holder Account Form).
2. Supervisor shall complete the form, sign, and obtain Department Head's signatures of approval.
3. The completed *Credit Card Holder Account Form* shall be forwarded to the Finance Division's credit card coordinator for processing and bank notification.
4. Once the credit card coordinator receives the new card from the bank (usually within three-four business days) the new Cardholder will be contacted and scheduled for training.
5. Upon completion of training the prospective Cardholder will be asked to sign a *Credit Card User Agreement* (Appendix B) acknowledging receipt of the credit card and that they have read and fully understand the credit card Policies and Procedures.
6. The card will be issued if all required signatures are obtained and requirements met.

D. CARD ACTIVATION

Credit cards require activation. When the card is received, a sticker on the card prompts the Cardholder to call for credit card activation. The credit card service representative will verify the Cardholder's identity using the information provided on the *Credit Card Holder Account Form* (Appendix A). Once activated, the credit card is ready for use. Activation is required only once for each credit card received.

E. DOLLAR AMOUNT CONTROL LIMITS

	Department Heads	Non-Department Heads
Per single transaction ²	\$2,500.00	\$ 500.00
Per Month Maximum ³	\$5,000.00	\$2,500.00

F. CREDIT CARD USE IN LIEU OF PURCHASE ORDER OR CHECK REQUEST VOUCHER

The credit card may be used up to the single transaction amounts indicated above in lieu of a purchase order or check request voucher. Transactions exceeding the single transaction amounts require issuance of a purchase order or check request voucher.

G. ACCEPTABLE PURCHASES

The credit card may be used to purchase only items or services that are for the City of Tracy's use. It may be used for NON-CONTRACTED items, which do not exceed the total dollar limit per transaction and the total dollar limit per month, and/or the single purchase amount (see § E).

1. Acceptable purchase items include, but are not limited to⁴:
 - a. Books and subscriptions
 - b. Supplies and products
 - c. Repairs and repair parts
 - d. Printing

² Unless otherwise authorized in writing by the Administrative Services Director; or if the limit is less per the card issuer.

³ Ibid (i.e., same as previous footnote)

⁴ Please confirm other purchase items with Department Head and Finance Division credit card coordinator to confirm if proposed purchase is acceptable if purchase category is not listed.

- e. Services (for instance coffee, pastries, cookies etc., for workshops)
- f. Training Seminars⁵
- g. Travel related expenses⁶ (e.g. airfare, rental cars, shuttle service, meals, lodging)
- h. Business meals
- i. Professional dues
- j. Expenses for City programs and/or events (Family Movie Night on the Plaza for example)

H. UNACCEPTABLE PURCHASES AND USES

1. Unacceptable credit card purchases include, but are not limited to:
 - a. Personal items
 - b. Contract items
 - c. Items on a City issued blanket-purchase order where a discounted price is specified
 - d. Items where the purchase price exceeds the single purchase dollar limit (\$500 for non-Department Heads; \$2,500 for Department Heads)
 - e. Goods, supplies and /or services that exceed the applicable Division's budget
 - f. Alcohol
 - g. Gift certificates
 - h. Entertainment
 - i. Products and services where a potential liability may exist and an indemnification agreement, insurance and/or bonds are required
2. In addition, use of the credit card is prohibited for:
 - a. Cash advances
 - b. Money orders
 - c. Travelers checks
 - d. Cashier's checks
 - e. Purchases split in order to remain under the single transaction dollar limit
3. Use of the credit card for personal purchases is strictly prohibited and may result in the revocation of credit card privileges. Use of the credit card for personal purchase may result in disciplinary action, up to termination. **If the credit card is inadvertently used for a personal purchase, Cardholder shall immediately contact Cardholder's Supervisor, Department Head, and the Finance Division's credit card coordinator.**

I. CARDHOLDER RESPONSIBILITIES

Cardholders have the following responsibilities:

1. Attend the mandatory credit card training provided by the Finance Division's credit card coordinator (cards cannot be received by those not having completed training).
2. Upon completion of required training, sign the *Credit Card User Agreement* (Appendix B), provided by the Finance Division's credit card coordinator, to acknowledge receipt and understanding of the Agreement; sign the back of the credit card in the signature panel if required, or write "see ID" on back of card.
3. Write down the credit card issuer's 24-hour telephone number which is listed on the back of the card and keep the telephone number in a location accessible to you in case your card is lost or stolen.
4. Maintain card security to prevent unauthorized charges against the credit card account and keep card in a secured location when not in use.
5. Obtain an itemized receipt at the point of purchase and verify it for accuracy. A receipt may be signed by other than the Cardholder if it is being used as a delivery receipt for a phone or Internet order. In this case, the receipt should be signed "Received By" followed by the employee's name accepting the delivery.
6. Reconcile receipts and documentation to the monthly Cardholder Statement using the City of Tracy *Voucher Request/Credit Card Transmittal Form* (Appendix C).

⁵ The travel/training request must be approved by one's Department Head prior to use of the credit card for these expenses.

⁶ Ibid (i.e., same as previous footnote)

7. Process documentation of purchases to the Finance Division's Accounts Payable Department per Section 3. § U. PAYMENT OF CHARGES and V. PURCHASES WITHOUT RECEIPTS.
 - a. Each Cardholder is responsible for keeping their own documentation and processing the Statements for payment.
 - b. In the absence of the Cardholder, the Supervisor is responsible for processing payment.
 - c. Each Cardholder is responsible for informing the Supervisor of the location where their receipts and documentation are kept.
8. Notify the US Bank, or gas card issuer (see Section 3. § I.3.), the Finance Division's credit card coordinator, and your supervisor immediately if your card becomes lost or stolen.
9. Notify US Bank, or gas card issuer, and the Finance Division of any billing discrepancies posted on the Cardholder Statement that cannot be resolved with the merchant.
10. CalCards and other authorized credit cards are strictly for City business and cannot be used for personal use under any circumstances. Credit cards issued by the City may only be used by authorized City employees (i.e., by those whom have authorization from employee's Department Head *and* the Administrative Services Director); CalCards can only be used by the individual to whom it has been issued.
11. Comply with all City of Tracy Purchasing Policy and Procedures for the purchase of commodities.

Violations in any of the above areas are grounds for revocation of all card privileges and appropriate discipline, up to and including termination.

J. DEPARTMENT HEAD AND SUPERVISOR RESPONSIBILITIES

1. Complete the *Credit Card Cardholder Account Form* (Appendix A) for employee whom credit card is to be issued if requesting a new credit card account and/or canceling, or changing an existing account. This form requires the signature of the Supervisor, Department Head, and the Administrative Services Director.
2. Confirm that employees read and understand the City's credit card policy and procedure manual.
3. Ensure that cards are kept in a safe and secured location when not in use.
4. Ensure that a list of employees authorized to use cards is updated and provided to the Finance Division's credit card coordinator by December of each year.
5. Ensure that a record of all card activities are kept by the Department and include the name of the card user, type of card used, and date and time card was checked out and returned. The record log must be maintained daily and is subject to audit by the Finance Division at any time.
6. Review the monthly Cardholder's Statement and City of Tracy *Voucher Request/Credit Card Transmittal Form* (Appendix C), submitted by the Cardholder with receipts, prior to the end of the payment cycle. Review procedures include the following:
 - a. Ensure that all purchases are an appropriate use of City funds.
 - b. Ensure that the credit card is not used to make personal purchases.
 - c. Confirm itemized receipts and written explanations (where receipts are not available), are copied and attached to the Cardholder's Statement for each item listed on the Statement.
 - d. Sign any written explanations of "Lost Receipts."
 - e. Ensure purchases over the dollar amount control limits (see Section 3. § E. "DOLLAR AMOUNT CONTROL LIMITS") have received written pre-approval from the Department Head (if cardholder is a Department Head, written preapproval must be received by one's Supervisor; or for City Manager and City Attorney, by Assistant City Manager) and Administrative Services Director; and that the *Credit Card Cardholder Account Form* has been updated and approved prior to the purchase (Appendix A).
 - i. If a pre-approval was not sought prior to the purchase, a report stating what was purchased, the amount, and why preapproval was not sought is to be signed by the Supervisor and Department Head and submitted immediately to the Administrative Services Director and to the Finance Division credit card coordinator.
If appropriate, disciplinary action may be taken up to, and including, termination.

- f. Ensure that a purchase has not been “split” to avoid the single transaction dollar limit (\$500 for non-Department Heads; \$2,500 for Department Heads).
 - g. Ensure Cardholder Statements are received in a timely manner to meet payment processing deadlines (see Section 3 § U. “PAYMENT OF CHARGES”).
 - h. Ensure that the credit card is used and receipts are signed only by the authorized Cardholder. A receipt may be signed by other than the Cardholder if it is being used as a delivery receipt for a phone or Internet order. In this case, the receipt should be signed “Received By” followed by the employee’s name accepting the delivery.
 - i. Ensure that employees whom may be in a position to receive delivery receipts for a phone or Internet order are familiar with this procedure.
 - i. Contact the Cardholder to address and correct any variation with the monthly Statement and receipts.
 - j. **Sign** the Cardholder Statement (Department Head/Supervisor).
 - k. The Department Head shall **sign** and approve the City’s transmittal form in verification of, and only after all the above actions have been taken. This action certifies that the credit card purchases and required forms are in compliance with City’s Credit Card Policy.
 - l. Once approved, ensure that the Cardholder Statement and transmittal forms are forwarded to the Finance Division’s credit card coordinator. The Cardholder’s Statement, transmittal form, and attachments must be received by the Finance Division **by the 15th day of the month.**
 - m. Coordinate with Accounts Payable to ensure that all documentation is forwarded in time to ensure all payment deadlines are met (see Section 3. § U. PAYMENT OF CHARGES and V. PURCHASES WITHOUT RECEIPTS.)
 - n. In the absence of the Cardholder, the Supervisor is responsible for processing payment. The Supervisor shall process his/her monthly Cardholder Statement and *Transmittal Form* (Appendix C), including the attachment of all receipts, and forward to the Finance Division’s credit card coordinator. Indicate on the transmittal form that the Cardholder was not available for signature and provide a signed copy when the employee returns.
 - i. Each Cardholder is responsible for informing the Supervisor of the location where their receipts and documentation are kept.
7. If a Notification of Exception Memo (Appendix D) is sent by the Finance Division, take action with the Cardholder to correct the exceptions identified on the monthly Cardholder’s Statement.
 8. The Supervisor will refer any irregularities to the credit card coordinator in writing.
 9. Credit card charges made by the City Manager and City Attorney will be reviewed by the Assistant City Manager and will be subject to the approval of the Administrative Services Department Head.
 10. Contact the credit card coordinator immediately, and copy the Finance Division Budget Officer and Administrative Services Director if a noted violation requires revocation of the card.

K. FINANCE DIVISION RESPONSIBILITIES

1. The Finance Division will administer the credit card program and be responsible for accumulating, reporting, coordinating, and evaluating all aspects of the program, including maintaining a list of all employees that have been authorized for use of cards and issuance of cards.
2. The Finance Division’s credit card coordinator will
 - a. Develop and administer a Credit Card Training Program.
 - b. Verify that all proper documentation is attached to the monthly credit card Statement and review all charges for appropriateness, prohibited items, and correct budget codes.
 - c. Verify that the Cardholder’s Statement is signed and dated by the appropriate personnel.
 - d. Process requests for new cards and ensure appropriate department approval and signatures are obtained.
 - e. Process requests to increase or decrease limits to an existing Cardholder's Account.
 - f. Verify that all purchases comply with the City's Credit Card Program and with the City's Purchasing Policy and Procedures.

- g. Report improper use of a credit card, which may result in the revocation of card privileges and/or disciplinary action, up to and including termination.
3. The Accounts Payable Unit will be responsible for issuing final payment upon correct and complete submission of the Cardholder's Statement by Cardholders (see Section 3 §U).

L. FRAUD/MISUSE

U.S. Bank (CalCard) Fraud Prevention Unit continually monitors accounts and transactions to prevent and halt fraud activity. If fraud is suspected, the U.S. Bank Fraud Prevention Unit may contact Cardholders by telephone to inform them about the use (or attempted use) of their card in a fraudulent manner. Cardholders can help to prevent fraud by carefully reviewing the Cardholder's Statement. If the Cardholder discovers a fraudulent transaction, the Cardholder should immediately report suspected fraud to the Finance Division credit card coordinator and the U.S. Bank.

M. AUDITS

Audits will be conducted on card activity, including retention of receipts/sales slips, improper/fraudulent use, and inappropriate use. Consequences range from suspension of cards and appropriate discipline up to, and including, termination for improper use of the Credit Card.

N. ETHICS

Cardholders shall always maintain a high degree of ethics when using a City issued credit card. Cardholder actions, which include the types of purchases made, are a reflection of the City. The appropriateness of all credit card purchases is to remain a significant consideration. If there is doubt as to the appropriateness of a proposed purchase, contact the City's Finance Division's credit card coordinator for confirmation.

O. CHANGING THE DOLLAR AMOUNT CONTROL LIMIT

A *Credit Card Holder Account Form* (Appendix A) must be completed indicating the changes desired and submitted to the Finance Division's Credit card coordinator for processing and for approval by the Administrative Services Director. Changes go into effect within approximately 72 hours from the time they are received by the credit card issuer.

P. INTERNET, PHONE, AND FAX PURCHASES

1. When purchasing over the Internet, phone, or FAX the supplier will request the Cardholder's credit card number and expiration date.
2. For security reasons, ensure others do not overhear or view this information.
3. Cardholders may not make online purchases from vendors whom do not utilize SSL (Secure Sockets Layer). This ensures that the credit card information is encrypted as it is sent over the Internet. One can tell if a website is SSL by looking at the URL. If it starts with "https", it is using SSL. If it starts with just http (it has no "s" at the end), it is not. Most sites switch to https only at the time the credit card information is being entered. A user should never enter credit card information into a website that does contain "https" in the URL.
4. The Cardholder needs to ensure the supplier includes an itemized cash register tape, paid invoice and delivery slip with the order. The Cardholder may also have the supplier mail the documentation to them prior to receiving the orders.

Q. SHARING OF CREDIT CARDS

1. The only person entitled to use a CalCard is the person whose name appears on the face of the card.
2. Cardholders may make City business-related purchases for any employee who reports to the same Department or Division. The credit card coordinator and the designated Finance Division staff may make City business-related purchases for any Department or Division with their Department Head's written authorization. Use by anyone other than the authorized cardholders or Finance staff is prohibited.

3. A receipt may be signed by other than the Cardholder if it is being used as a delivery receipt for a phone, FAX, or Internet order. In this case the receipt should be signed “Received By” followed by the employee’s name accepting the delivery.

R. PARTICIPATING VENDORS/SUPPLIERS

1. The CalCard is a VISA product. Any supplier or merchant who accepts VISA can accept the credit card.
2. If a specific needed supplier currently does not accept VISA, notify the Finance Division’s credit card coordinator who will work with U.S. bank in an attempt to enroll the vendor in the acceptance program.
3. Gas cards can only be used at the applicable place of business.

S. DELIVERY INSTRUCTIONS FOR CREDIT CARD PURCHASES

Make sure complete shipping instructions are given when placing orders. Confirm with the merchant the following:

1. FOB (Freight on Board) Point. This determines who pays for freight charges and when the City assumes ownership of a delivery. The preferred terms are FOB: City of Tracy, Prepay and Absorb.
2. Correct department name, point of contact and delivery location. Ensure that this information appears on all shipping documents.
3. Method of delivery (FedEx, UPS, Common Carrier, Company’s own truck, USPS, etc.).
4. Delivery date.

T. REQUIRED DOCUMENTATION FOR PURCHASES

1. Each Cardholder is responsible for maintaining a *Credit Card Transmittal Form* (Appendix C) for his/her credit card. This form will contain:
 - a. A credit card form (e.g., the bill one signs⁷), received from the vendor, on which each purchase is recorded.
 - b. All credit card forms and cash register receipts supporting each purchase.
 - c. A signed *Credit Card Transmittal Form* and copies of cash register receipts are required as the supporting documentation for a purchase. Copies of the original receipts must be submitted with the monthly Statement and transmittal form.
 - d. If a merchant provides only a credit card receipt, the Cardholder must attach a written explanation describing each item or service purchased.
 - e. If the cash register receipt provides no detail or description of the purchase, the Cardholder must attach a written explanation, describing each item or service purchased, the date of purchase, card and card number used, vendor name (if CalCard used), justification for purchase, why receipt is not available; and have the explanation signed and approved by the Cardholder’s Supervisor and Department Head (If the case of the City Manager or City Attorney, the explanation must be signed by the Assistant City Manager and approved by the Administrative Services Director).
2. Meals, that would otherwise be reimbursable, also require the names of individuals in attendance, and business purpose, i.e. nature of business discussion. This written confirmation must be submitted along with the credit card form and cash register receipt.

U. PAYMENT OF CHARGES

1. All transactions processed during a monthly cycle will be reflected on a monthly Statement of account.
2. Each Cardholder (gas cards or CalCard) will receive a copy of their monthly Statement of account from the vendor at the end of the monthly cycle. If the Cardholder made no purchases during the month no Statement will be issued.

⁷ As an example, if one was dining in a restaurant, it would be the bill or “check” the customer signs; at a store, it is the customer copy that one signs for a credit card purchase.

- a. During the cycle, Cardholders are responsible for retaining the original copy of all the transaction receipts.
3. Cardholders are to review each monthly Statement of account for accuracy, including transactions, amounts, and vendors and sign the Statement verifying the purchases and amounts.
4. Cardholders must complete:
 - a. A *Voucher Request/Credit Card Transmittal Form* (Appendix C) detailing each purchase on the monthly Statement of account to be paid.
 - b. The budget account numbers to which purchases are to be charged for each transaction.
5. Cardholders are to copy itemized receipts (including electronic receipts) on to an 8 ½ x 11” sheet of paper, in the same order as listed on the monthly Statement, and attach them with a paper clip or other clip (not stapled or taped) to the Statement and *Voucher Request/Credit Card Transmittal Form*. Multiple receipts can be put on a single sheet of paper. If no receipt is available, follow instructions in Section 3 §V “PURCHASES WITHOUT RECEIPTS.”
6. The monthly Statement of account, transmittal form, and copied receipts shall then be submitted to the Cardholder’s Supervisor and Department Head for review, approvals and signatures and forwarded to the **Finance Division’s credit card coordinator by the 15th day of the month.**
7. If purchases are made at the end of the Fiscal Year outstanding invoices shall be put on the Open Invoice Statement and submitted to the Finance Division.
8. Cardholders are to keep a record (duplicate copies) of all receipts, written explanations, Statements and forms submitted.
9. Charges will be expensed to the Cardholder’s department by the Finance Division using the account information listed on the monthly Cardholder’s Statement of Account.
10. The Finance Division’s credit card coordinator will review each monthly Statement and, if an exception is identified, will return a *Notification of Exception Memo* (Appendix D) to the Department Head, Supervisor and Cardholder for correction. The City credit card coordinator shall be notified of the exceptions.

Violations noted may lead to card revocation and/or disciplinary action, up to and including termination.

V. PURCHASES WITHOUT RECEIPTS

For mail, phone, FAX or Internet purchases in which a receipt is not available use a copy of the completed application, flier or order form as the receipt. It should clearly indicate the total dollar amount, description of the product or service ordered, Cardholder’s name, and that payment was made using the credit card.

1. In all other instances, if the receipts are unavailable, the Cardholder must submit a written explanation (signed by Cardholder’s Department Head and Supervisor) to the Finance Division credit card coordinator describing the transaction in detail.
2. If the cash register receipt or the signed credit card form is lost, the Cardholder must submit a written explanation, entitled “Lost Receipt,” describing the transaction in detail. The Cardholder’s Supervisor and Department Head must review and sign the written explanation before it is provided to the Finance Division’s Credit card coordinator or Accounts Payable staff.

W. INCORRECT BILLING

To avoid paying interest charges for late payments, discrepancies will be handled on a “pay and chase” basis. If you have a problem with a billing, try to reach a resolution with the providing merchant. The merchant should issue credit for a billing correction. This credit may not appear until the next monthly Statement.

1. Notify in writing (e-mail is acceptable), the Finance Division’s credit card coordinator of impending credit.
2. Do not remove or cross out the item on the current monthly Statement or delay processing the payment because of credits or disputes.
3. If an agreement cannot be reached with the merchant, the next step is to for the Cardholder to contact US Bank Customer Service Department, or gas card issuer, listed on the back of the credit card to dispute the charges.

- a. Prior to contacting US Bank Customer Service Department or gas card issuer, contact the Finance Division's credit card coordinator and Accounts Payable staff to inform them of the discrepancy for which you will be contacting US Bank.

X. RETURNING A PURCHASE

1. Contact the Finance Division's credit card coordinator and Accounts Payable staff to inform them of the impending return.
2. If a purchased item needs to be returned, follow the merchant's return procedures.
3. It is critical to first obtain a "Return Goods Authorization" (RGA) number from the merchant before returning a purchase.
4. Make sure this RGA number is prominently displayed on the outside of the box in which you are returning your purchase.
5. If the item is being returned because of the merchant's error, the merchant should be responsible for return shipping charges. Request that a "Call Tag" be issued by the merchant for their shipper of choice.

Y. LOST OR STOLEN CREDIT CARD

1. If the credit card is lost or stolen, the Cardholder shall immediately call the credit card issuer's 24-hour telephone number (see Section 3. §I.3.).
 - a. Keep a written record of this call, which includes the date, time, and name of the person contacted at the credit card issuer and summary of conversation.
 - b. Immediately notify US Bank, Supervisor, Department Head, and the City's Finance Division's credit card coordinator.
 - c. Always keep the credit card in a secure location. It should only be accessible to the Cardholder.
2. The Cardholder's Department will be liable for charges made with a stolen card. The liability on a stolen card is in effect until the credit card issuer has been notified and completes a thorough investigation.

Z. CHANGE IN DEPARTMENT OR EMPLOYMENT STATUS

The account for credit card must be closed if a card is issued to a specific employee and the card may not be reissued to a different employee employee's Department.

1. The Cardholder's Supervisor must complete a *Credit Card Holder Account Form* (Appendix A) to close the account, as soon as notice of departure is given.
 - a. The Supervisor must sign and submit the form to the Department Head for signature before forwarding both the credit card and the form to the Finance Division credit card coordinator for processing.
2. A new card can be applied for if the employee changes jobs within the City and his/her new Supervisor and Department Head provides the required written approval (refer to Section 3 §B and C).

AA. CARD INACTIVITY

Card activity is reviewed annually by the Finance Division's credit card coordinator. A determination will be made by the Department Head in consultation with the Administrative Services Department Head and Finance Division's credit card coordinator as to whether or not a card should be canceled because of lack of or minimal use.

AB. CARD REVOCATION

1. Failure to comply with any Policy and procedural requirements may result in immediate revocation of credit card privileges. The City Manager, Assistant City Manager, Administrative Services Director, Department Head, Supervisor, and the Budget Officer the right to revoke the use of the credit card with or without cause. This includes, but is not limited to, any of the following:
 - a. Splitting of charges to avoid the single purchase dollar limit.
 - b. Loaning the card to an unauthorized employee for use.

- c. Allowing purchases to be signed for by anyone other than the Cardholders. The exception being a delivery receipt, explained in Section 3 §Q “SHARING CREDIT CARDS.”
 - d. Failure to submit receipts for charges.
 - e. An inadvertent personal purchase occurring for a second time.
 - f. The second time that the monthly Cardholder Statement is submitted to the Finance Division after the 15th day of the month and interest penalties are assessed by the credit card issuer.
 - g. The second time that the attached receipts do not match the item descriptions or dollar amounts listed on the monthly Statement of account.
 - h. Lack of, or minimal, use.
 - i. Termination of a Cardholder.
 - j. Any use contrary to this or any other City Policy.
2. If reported violations constitute revocation of card privileges, the Administrative Services Director and/or credit card coordinator will contact the Cardholder’s Department Head. Information will be provided regarding exceptions to the established policy or requirements that justify the cancellation of the card. A written determination from the Department Head will be obtained.

AC. WHOM TO CONTACT WITHIN CITY

If a Cardholder has questions or experiences problems that are not resolvable by following the procedure outlined in this policy, contact the following:

For CalCard:

City of Tracy, Finance Division, Accounting Technician (CalCard coordinator)
333 Civic Center Plaza
Tracy, CA 95376
Phone: (209) 831-6834 Email: finance@ci.tracy.ca.us

For Gas cards:

City of Tracy, Finance Division, Senior Accounting Assistant (gas credit card coordinator)
333 Civic Center Plaza
Tracy, CA 95376
Phone: (209) 831-6838 Email: finance@ci.tracy.ca.us

Approved as to form:

Policy/Procedure approved by:

Dan Sodergren, City Attorney

Troy Brown, City Manager

Attachments:

1. Appendix A
2. Appendix B
3. Appendix C
4. Appendix D

APPENDIX A
CITY OF TRACY
CREDIT CARD HOLDER ACCOUNT FORM

I. NEW CARD REQUEST

CalCard Costco Walmart Gas Card (Specify Vendor) _____

II. CHANGE TO CARD [Complete only if requesting change for existing card or requesting special spending limit beyond \$2,500 per transaction for Department Heads; \$500 per transaction for all others]

Delete Account # _____ Change Account # _____

Account Information to be **Changed**

Name Work Address 30 Day Limit Single Purchase Limit
 Other _____

Requested Single Purchase Limit Change from City's Standard Amount (**written explanation justifying change in purchase limit must accompany form**)

\$ _____ 30 Day Limit \$ _____

III. Credit Card to be issued to and authorized for:

 First MI Last

Department _____ Division _____

Work Phone No. _____ E-mail Address _____

IV. Approvals

Supervisor Approval _____ Date _____
(Signature)

Department Head Approval _____ Date _____
(Signature)

Administrative Services Director Approval _____ Date _____
(Signature)

For Finance Use Only

Card No. _____ Expiration Date _____

Single Purchase Limit \$ _____ 30 Day Limit \$ _____

Card Authorized and Issued By _____ Date _____

I certify that I received the credit card listed above and a copy of the City of Tracy Credit Card Policy, and I understand and agree to the terms set forth therein. I agree that I will relinquish my credit card to the City when requested to do so or upon termination of employment. I understand that failure to use this credit card in accordance with all rules and regulations may require relinquishing the card and may result in disciplinary action up to and including termination.

Employee _____ Date _____
(Signature)

APPENDIX B

Credit Card User Agreement

In connection with my employment, I am being entrusted with a City of Tracy credit card. Upon my acceptance of any such card, I agree to the following conditions:

1. I agree to use the City of Tracy credit card issued to me, or any other City of Tracy card which comes into my possession, only for legitimate, official purposes according to the City of Tracy Administrative Policy and Procedure for use of City issued Credit Cards; for and on behalf of the City of Tracy. **UNDER NO CIRCUMSTANCES WILL I USE A CITY OF TRACY CREDIT CARD FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.** I further understand that the use of a City of Tracy credit card to procure goods or service for other than legitimate, official purposes is fraudulent use. A "legitimate, official" use of a card is defined as using said card to procure goods or services authorized and necessary and ordinary purposes in connection with the operations and activities of the City of Tracy. **AN EMPLOYEE GUILTY OF FRAUDULENT USE MAY BE SUBJECT TO DISCIPLINE UP TO, AND INCLUDING, TERMINATION, AND MAY BE SUBJECT TO CRIMINAL PROSECUTION.**
2. I understand that the use of the credit card will be closely monitored and audited and any discrepancies will be immediately handled with the appropriate action.
3. I understand that the City of Tracy will pay for all authorized and legitimate charges made on this card on behalf of the City of Tracy as determined by the City's Finance Department.
4. I will follow established procedures for the use of the card and said procedures that have been provided, or explained, to me. I will not allow a third party to use the credit card. Any purchases made with my card will be considered made by me for which I will be accountable.
5. I will be responsible for the safe keeping of the City of Tracy's credit card issued to me. If this card becomes lost or stolen, I will immediately report this to US Bank, and then to my Supervisor, Department Head, and the Finance Department credit card coordinator.
6. I understand and agree that should I leave employment with the City of Tracy, it is my responsibly to return any card in my possession to the City of Tracy prior to my last day of employment. I further agree to return any cards in my possession to the City of Tracy upon request my Supervisor, Department Head, or the Finance Division credit card coordinator.
7. I understand that my personal credit will not be affected by the use of the City of Tracy's card legitimate, official purposes.
8. I certify that I have received, read, and thoroughly understand the Credit Card Policy.

I have read, understand and agree to the conditions above:

Employee Name (PRINT)

Employee Number

Employee Name (SIGNATURE)

Date

APPENDIX D

Notification of Exception Memo

DATE: _____

TO: _____
(Cardholder)

(Cardholder's Supervisor)

(Department Head)

FROM: _____

SUBJECT: Notification of Exception on Your credit card for Statement period _____

The exceptions marked below with an "X" were noted on your credit card activity, contrary to Credit Card policy. You, as a Cardholder, and your supervisor are responsible for ensuring that the exception below is corrected within 30 days, if possible. You are both also responsible for ensuring that this type of exception does not re-occur in the future.

- Credit Card Expense Transmittal Form not signed by cardholder
- Credit Card Expense Transmittal Form not signed by supervisor
- Disputed item without cardholder follow-up
- Exceeded monthly credit limit
- Greater than \$500.00 without Purchase Order (non-Department Heads)
- Greater than \$2,500 without Purchase Order (Department Heads)
- No receipt or suitable replacement
- No dated receipt showing what was purchased
- Purchase of Cashier's Check or Money Order
- Receipt does not support transaction
- Transmittal Form does not adequately reflect detail describing the purpose of the purchase, including meal purchases. In particular, meal purchases require the names of the individuals in attendance and an explanation of the business purpose and discussion
- Signed by non-cardholder
- Transaction split to avoid limitation
- No monthly Statement submitted to the Finance Division
- Payment Documentation not submitted by 15th Day of each month
- Other _____

If you need a photocopy of the Statement in order to take corrective action, please call the Finance Division.

Copy 1: Cardholder;

Copy 2: Cardholder's Department Head;

Copy 3: Cardholder's Supervisor;

Copy 4: Finance Division credit card coordinator

Copy 5: Administrative Services Director

November 18, 2014

AGENDA ITEM 9.A

REQUEST

RECEIVE AND ACCEPT THE CITY MANAGER'S INFORMATIONAL UPDATE

EXECUTIVE SUMMARY

This agenda item will update the Council on newsworthy events.

DISCUSSION

The City Manager will provide Council with an informational report on various items, including upcoming special events, status on key projects, or other items of interest in an effort to keep Council, staff, and residents abreast of newsworthy events.

STRATEGIC PLAN

This agenda item does not relate to the Council's Strategic Plans.

FISCAL IMPACT

There is no fiscal impact with this informational item.

RECOMMENDATION

That Council receives and accepts the City Manager's informational update.

Prepared by: Troy Brown, City Manager
Reviewed by: Troy Brown, City Manager
Approved by: Troy Brown, City Manager