City of Austin
Office of the City Auditor

Investigative Report

Austin Public Library: Fraud and Waste

October 2020

We found evidence that Randall Whited, a former Austin Public Library employee, fraudulently bought and stole at least $1.3 million in printer toner and resold it online. Whited also misused a Library credit card to buy electronics and home goods for personal use. The Library's poor practices and procedures provided an opportunity for Whited to steal from the City during his tenure, leading to waste and overspending by the department. Whited took advantage of poor purchasing reviews by his supervisors, former Financial Manager Victoria Rieger and Contract Management Specialist Monica McClure. Whited also took advantage of several other purchasing and budget-related shortcomings, such as having a role in the approval of his own purchases and insufficient oversight of the Library's budget by Rieger and Assistant Director Dana McBee.

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Allegation

In March 2019, the Office of the City Auditor received an allegation that Randall Whited, an Austin Public Library employee, was stealing printer toner, storing it in his garage, and selling it online.

Background

The Austin Public Library (APL) operates the Central Library, twenty branch libraries, and other facilities. APL's goal is providing knowledge, technology, and other resources to the Austin community. As an Accounting Associate II at APL, Randall Whited was responsible for making and approving purchases, cash receipts, billing, and other accounting transactions. At various points during his employment, Whited reported to Monica McClure and Victoria Rieger, who were responsible for reviewing and approving any purchases. As part of APL's finance division, McClure and Rieger worked under Assistant Director Dana McBee, who oversees APL's various support services, including its annual budget process.

Whited resigned in lieu of termination for an unrelated issue in August 2019.

Investigation Results

Summary

We found evidence that Randall Whited, a former Accounting Associate II at the Austin Public Library (APL), fraudulently bought and stole at least $1.3 million in printer toner and resold it through various online sources. Whited also misused the Library's credit cards to buy electronics and home goods for personal use. APL's poor practices and procedures provided an opportunity for Whited to steal from the City during his tenure at APL, leading to waste and overspending by the department. Whited took advantage of poor purchasing reviews by his former supervisors, Victoria Rieger, a former Financial Manager at APL, and Monica McClure, a Contract Management Specialist IV. Whited also took advantage of several other purchasing and budget related shortcomings, such as having a role in the approval of his own purchases and insufficient oversight of APL's budget by Rieger and Assistant Director Dana McBee.

We also referred these issues to the Austin Police Department, due to the potentially criminal nature of Whited's actions.

Finding 1

Whited fraudulently misused Library credit cards for personal purchases

Whited purchased at least $1.5 million in printer toner between October 2007 and July 2019.

Over four days in October 2017, Whited appears to have sent sixty packages to an online toner reseller.

Stolen Printer Toner

Whited had access to ten Library credit cards[1] and was responsible for purchasing supplies, including printer toner, for APL. We reviewed the purchasing history for credit cards that Whited had access to and found that Whited purchased at least $1.5 million in printer toner between October 2007 and July 2019. Based on available printer usage information, our office estimated that APL would have needed at most $150,000 worth of printer toner during this time. We also found evidence suggesting that Whited was stealing the toner and selling it online.

Whited visited an online toner reseller's website on at least one occasion using his City computer. We also found a spreadsheet on Whited's City computer detailing shipping information to a different online toner reseller. The spreadsheet indicated that over the course of just four days in October 2017, Whited sent sixty packages to the toner reseller. The toner reseller confirmed they received shipments from Whited in the past, but did not provide payment records to our office as requested. As a result, we could not determine how much Whited profited from the sales.

Badge swipe records spanning roughly six months in 2019 show Whited arriving over thirty minutes before 8:00 a.m., his scheduled start time, on approximately half the days he worked, including many days when Whited arrived before 7:00 a.m. This was despite receiving instruction from his supervisor to arrive no more than thirty minutes early because there was insufficient supervision during those early hours. Security camera footage

[1] Of the ten City of Austin credit cards Whited had access to, eight were vendor-specific, while two were assigned directly to Whited.

from multiple days in 2019 shows that Whited used this time to take what appears to be printer toner from his office to the parking garage, where his vehicle was parked (see Exhibit 1). On one of these days, footage shows Whited placing toner boxes into the trunk of his car.

Exhibit 1: Security camera footage of Whited taking toner boxes from his worksite

SOURCE: APL Security, July 2019

APL staff said Whited claimed he regularly delivered items to other APL branches. However, APL has other staff who are responsible for delivering items between library branches. Furthermore, when we spoke with APL branches, almost all confirmed that they had very little toner on-hand, and several had not received any deliveries in months. Based on our analysis of purchases and actual APL toner needs, it appears Whited stole more than $1.3 million worth of toner.

Whited appears to have stolen more than $1.3 million worth of toner.

Other Fraudulent Purchases

In addition to fraudulent toner purchases, Whited used City credit cards to buy at least $18,000 worth of items that appeared to be for his personal use. These items included approximately $15,000 worth of electronics, such as video games, virtual reality headsets, robotic vacuums, and a drone from a big-box retailer. They also included more than $3,500 worth of items that were shipped directly to his home address or a nearby "pick-up locker" from an online retailer.

Between February 2017 and July 2019, Whited used City credit cards to buy over $140,000 worth of items from these two retailers. Despite the suspicious nature of many of these purchases, we were not able to determine a precise total of how many were fraudulent. This was due to poor inventory practices at APL and inadequate purchasing records.

We reviewed a sample of the supporting paperwork, like receipts and order confirmations, that Whited submitted for his purchases and found multiple examples of inadequate records. For example, Whited altered several receipts to hide that he shipped items to his home (see Exhibit 2 below). Additionally, Whited submitted at least one receipt that appeared to have been made using a word processor. In other instances, receipts showed Whited's home as the shipping address and listed his personal

Investigation Criteria:

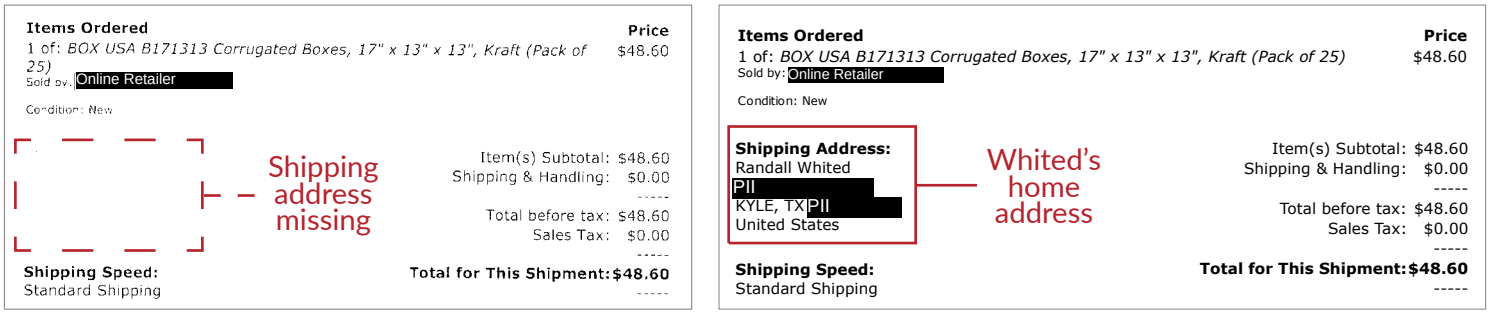
FRAUD includes, but is not limited to: the unauthorized use of a City resource for personal gain by deception, including by forgery or by altering a document; [and] the misappropriation of funds, supplies, or other City resources, through methods including, but not limited to theft, embezzlement, or misrepresentation.

City Code § 2-3-5 (A)(2)(a) & (b)

See Investigation Criteria *section for details*

email address. In every case, APL management approved these purchases.

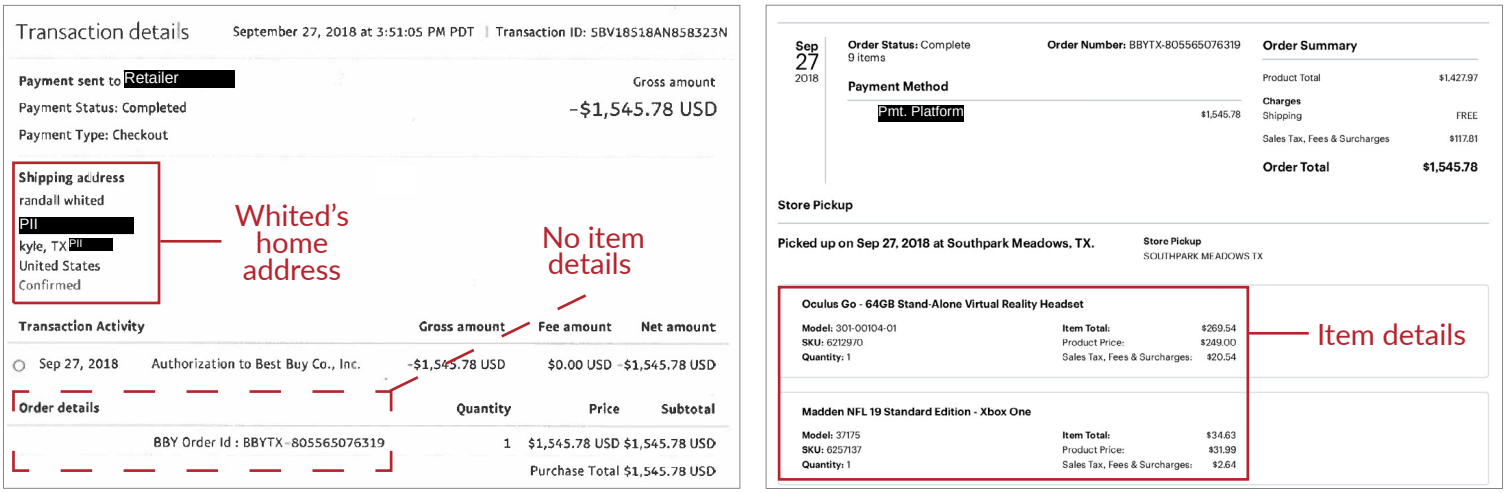
Exhibit 2: Whited's altered receipt vs. retailer receipt



SOURCES: APL purchasing records and retailer data, April 2020

Whited also paid for items by using a third-party payment platform connected to City credit cards, which likely helped conceal his purchases. By doing this, Whited was able to provide APL management with receipts from the third-party platform rather than from the actual vendor. These receipts were significantly less detailed than the original vendors' receipts and allowed Whited to submit receipts that did not show the specific items he bought (see Exhibit 3). APL's current Financial Manager confirmed there was no legitimate reason to pay for items through a third-party platform.

Exhibit 3: Whited's third-party receipt vs. itemized retailer receipt



SOURCES: APL purchasing records and data from third-party payment platform and retailer, April 2020

We also found evidence that Whited was selling items through multiple online marketplaces. Between these marketplaces, Whited sold roughly eighty items, including toner, home security cameras, and video game consoles. Though the serial numbers on these items could not be confirmed, City records suggest the items sold matched items that Whited bought using a City credit card.

When interviewed, both Whited's supervisor, Monica McClure, and former Financial Manager Victoria Rieger said Whited told them itemized receipts—or receipts in general—were not available for some of his purchases, including toner purchased through the City's office supply

vendor and electronics bought from a major retailer. McClure and Rieger said they did not follow up to determine if this was true, but Rieger said that, in hindsight, she "should have" followed up. We obtained itemized receipts from the retailers' websites with the order identification numbers found on the receipts Whited submitted to APL management.

We attempted to speak with Whited regarding this investigation, but Whited, through his attorney, declined to speak with us.

The acts described above appear to violate the following criteria:

- City Code § 2-7-62 (J): Standards of Conduct – Misuse of City Resources
- City Code § 2-7-62 (O): Standards of Conduct – Fraud or Abuse
  - City Code § 2-3-5 (A)(2)(a) & (b): Powers and Duties – Fraud

Finding 2

Waste of City resources

Investigation Criteria:

WASTE means [...] the unnecessary incurring of costs to the City as a result of a grossly inefficient practice, system, or control.

City Code § 2-3-5 (A)(3)(b)

See Investigation Criteria *section for details*

Lack of Credit Card Oversight

APL management did not perform detailed reviews of Whited's credit card purchases. They also did not review in detail the budget overages related to those purchases, which led to the waste of City resources. According to the City's ProCard Policy Manual, reviews of transactions should include confirming the delivery of goods, ensuring the legitimate use of City funds, and looking for signs of serial purchasing or fraud. APL's credit card holders submit monthly reports that detail the transactions made on their cards. They are required to provide supporting documents for each purchase, including an itemized receipt or invoice containing relevant information, such as the amount spent, the shipping address, and vendor details. According to current APL financial management, staff should review all documentation to ensure it meets these criteria and verify that the items bought were appropriate. We found that both former APL managers Rieger and McClure reviewed and approved purchases with missing or inappropriate shipping information, as well as purchases that did not contain a list of what items were bought.

When we spoke with Rieger, she said she did "not recall ever seeing receipts with [orders of] supplies," and "just approved" the transactions. Rieger also admitted that she did not look for shipping addresses during her review of transactions because she did not know the addresses of all the library branches. This is concerning because Whited did not live in the City of Austin and shipped multiple orders to his home address and nearby pick-up lockers outside city limits.

When we spoke to McClure, she admitted that several transactions she approved from Whited should not have been approved. In one instance, McClure approved a $1,545 transaction from an electronics retailer that did not contain any information indicating what was purchased and that showed Whited's home address as the shipping address. Regarding this transaction, McClure said, "looks like I made a mistake." The itemized receipt for this transaction, which we obtained from the retailer's website, showed that Whited purchased multiple virtual reality headsets and a

drone, among other items (see Exhibit 3 above).

We also found evidence that APL did not have proper procedures in place for using City credit cards and did not always follow established procedures. APL credit card holders were not required to receive purchase or budget approval before making purchases on their City credit cards. APL's current Financial Manager, who started in late 2018, described this process as having several issues, including poor documentation of supplies and insufficient purchase reviews by financial managers. This lack of oversight allowed Whited to use Library credit cards without having to explain why he was making purchases. This also allowed Whited to charge purchases to any sub-category of the APL budget regardless of its purpose, making it harder to track his spending. Also, Whited was the only APL employee with "accountant reviewer" status in the City's credit card tracking system. This meant that, in addition to performing the second-level review of purchases made by other APL employees, Whited had a role in reviewing his own purchases.

Whited could charge credit card transactions to any sub-category of APL's budget, making it harder to track his spending.

As the Library's sole "accountant reviewer" in the City's credit card tracking system, Whited had a role in reviewing his own purchases.

The City's Central Purchasing Office identified several of the red flags described in this report in June 2018. However, neither the Purchasing Office nor APL management addressed the issues proactively. Ultimately, they were not dealt with until after Whited left the City. Whited was the only point of contact between APL and the City's Purchasing Office. During our review, we found evidence that Whited received recommendations from the City's Purchasing Office on APL's credit card usage in June 2018. The recommendations noted that in order to "minimize unnecessary credit risk exposure," certain accounts should be closed. This included the credit card account that Whited used for the majority of his fraudulent toner purchases.

In June 2018, the City's Purchasing Office suggested APL close certain credit card accounts, including the account Whited used for most of his fraudulent toner purchases, to "minimize unnecessary credit risk exposure."

Whited appears to have ignored several attempts by the Purchasing Office to resolve this and other credit card issues. He was the only point of contact between APL and the Purchasing Office.

Email evidence indicates Whited ignored several attempts by the Purchasing Office to resolve the issues. It is unclear if anyone in APL management was aware of the recommendations aside from Assistant Director McBee, who was notified at least as early as January 2019. However, she failed to fully address the recommendations. When we spoke with McBee, she said she did not know of anyone aside from Whited and herself who would have been aware of the recommendations. She also did not initially discuss the recommendations with APL's new Financial Manager, who was working at the Library when McBee learned about the recommendations. The Financial Manager said she was not made aware of the recommendations until she received them from the City's Purchasing Office by email. The Financial Manager ultimately addressed these recommendations in October 2019, fifteen months after they were initially sent and nine months after McBee became aware of them.

Lack of Budget Monitoring

In addition to poor oversight of credit cards, APL management did not respond to overspent categories in their department's budget. During Whited's tenure, we found that APL overspent several budget categories by hundreds of thousands of dollars. Between fiscal years 2015 and 2017,

for example, the Library overspent its office supply budget for "Circulation/ Branches" by at least $150,000 per year (see Exhibit 4).

Exhibit 4: APL budget table showing excess spending on office supplies

Unit Name	Fiscal Year	Budgeted	YTD Spending	Amount Overspent	Percent Overspent
Branch Services	2015	$ 49,718.00	$ 242,526.52	$ 192,808.52	388%
Branch Services	2016	$ 51,318.00	$ 207,202.32	$ 155,884.32	304%
Branch Services	2017	$ 51,318.00	$ 263,977.21	$ 212,659.21	414%

SOURCE: OCA analysis of Controller's Office data, May 2020

These expenditures were four times larger than the budgeted amount for this unit in these years, which was roughly $50,000. When asked whether this four-fold spending raised any concerns, Rieger said she was not concerned if individual categories were overspent, as long as APL's overall budget was not overspent. Also, Rieger stated that she would not look for overages unless something was "out of whack." McBee, who oversees the Library's financial services division, said that she does not conduct budget monitoring and noted that is the job of her finance staff. She said that if there were significant budget issues, she "assumed [Rieger] would tell me." Had APL's finance staff looked into this annual overspending, they may have uncovered Whited's fraudulent purchases.

During our investigation, APL began taking steps to address several of the issues described above. APL credit card users are now required to obtain budget and purchase approval prior to making a purchase. In addition, purchases can only be delivered to approved City locations, and the use of third-party payment platforms is limited to approved services, like performers for special events. We did not review the impact of these changes. However, we noted that Whited would have needed management approval prior to buying over $1.3 million of printer toner, vacuum cleaners, a drone, and other personal items if these procedures had been in place while he was employed at APL. Additionally, Whited would not have been able to ship items to his home or to lockers located outside the City of Austin, nor use third-party payment platforms to hide the items he purchased.

These acts appear to violate the following criteria:

- City Administrative Bulletin 06-03: Fraud, Waste, and Abuse Reporting, Investigation and Prevention

These acts also appear to meet the definition of waste, as described in:

- City Code § 2-3-5 (A)(3)(b): Powers and Duties - Waste

Investigation Criteria

Finding 1

City Code § 2-7-62 (J) - STANDARDS OF CONDUCT

No City official or employee shall use City facilities, personnel, equipment or supplies for private purposes, except to the extent such are lawfully available to the public, or to the extent that facilities, equipment or supplies are allowed to be used in a limited or de minimis manner in accordance with City policy.

City Code § 2-7-62 (O) - STANDARDS OF CONDUCT

A City official or employee may not engage in fraud or abuse, as defined in City Code Chapter 2-3 (City Auditor).

City Code § 2-3-5 (A)(2)(a) & (b) - POWERS AND DUTIES

FRAUD includes, but is not limited to: the unauthorized use of a City resource for personal gain by deception, including by forgery or by altering a document; [and] the misappropriation of funds, supplies, or other City resources, through methods including, but not limited to theft, embezzlement, or misrepresentation.

Finding 2

City Code § 2-3-5 (A)(3)(b) - POWERS AND DUTIES

WASTE means [...] the unnecessary incurring of costs to the City as a result of a grossly inefficient practice, system, or control.

City Administrative Bulletin 06-03: Fraud, Waste, and Abuse Reporting, Investigation and Prevention

Definitions

"Wrongdoing" includes [...] fraud, waste, or abuse.

Roles and Responsibilities (A)

The City Manager expects all City employees to:

- uphold the public trust,
- avoid wrongdoing,
- avoid behavior that a reasonable observer could perceive as wrongdoing,
- support efforts to prevent, detect, investigate, and correct wrongdoing,
- be aware of and comply with all laws and policies, and
- adhere to the highest standards in:
  - decision making,
  - the exercise of the powers entrusted to the employee as a public servant, and
  - the stewardship of public property under the employee's control.

Methodology

To accomplish our investigative objectives, we performed the following steps:

- reviewed applicable City code;
- conducted background research;
- interviewed City staff;
- reviewed security camera footage;
- interviewed external parties;
- analyzed the subject's computer forensic data;
- analyzed purchasing records and documentation from APL; and
- referred potentially criminal aspects of the allegation to the Austin Police Department for their consideration.

CAIU Investigative Standards

Investigations by the Office of the City Auditor are considered non-audit projects under the Government Auditing Standards and are conducted in accordance with the ethics and general standards (Chapters 1-3), procedures recommended by the Association of Certified Fraud Examiners (ACFE), and the ACFE Fraud Examiner's Manual. Investigations conducted also adhere to the quality standards for investigations established by the Council of the Inspectors General on Integrity and Efficiency (CIGIE), and to City Code.

The Office of the City Auditor, per City Code, may conduct investigations into fraud, abuse, or illegality that may be occurring. If the City Auditor, through the Integrity Unit, finds that there is sufficient evidence to indicate that a material violation of a matter within the office's jurisdiction may have occurred, the City Auditor will issue an investigative report and provide a copy to the appropriate authority.

In order to ensure our report is fair, complete, and objective, we requested responses from the subjects and the Department Director on the results of this investigation. These responses are attached as Appendices A through F.

Appendix A - Subject Response: Whited

Whited did not provide a response to this report.

Appendix B - Subject Response: McBee

September 8, 2020

Ms. Corrie Stokes
Office of the City Auditor
200 W. Cesar Chavez St #200
Austin, Texas 78701

Ms. Stokes:

Thank you for giving me the opportunity to respond to this report. As the Assistant Director of Support Services for the Austin Public Library, I supervise and oversee managers and supervisors in library support operations in the areas of Finance, Human Resources, Security, Buildings & Grounds, and Grants & Special Projects. Being an employee of the Austin Public Library and, specifically, the Assistant Director of Support Services, is a career in which I have taken significant pride. I have served almost 20 years as a dedicated public servant for the City of Austin, with all of those years served with the Austin Public Library. I take this calling and this career very seriously. At all times, I strive to act in what I believe is the best interest of my department and the City of Austin.

Mr. Whited was employed as an Accounting Associate II with the Austin Public Library. In that position, he was responsible for making and approving purchases, cash receipts, billing and other accounting transactions. Mr. Whited also served as the department's Purchasing Card Liaison with the City's Purchasing Office. Mr. Whited reported directly to Monica McClure, the Contract Management Specialist IV (who was reclassified to that position from her previous position of Contract Management Supervisor in 2019), and his next level supervisor was Victoria Rieger, Financial Manager II. The Financial Manager II reports directly to the Assistant Director of Support Services.

The duties, functions, knowledge and skills of the Contract Management Supervisor, as outlined by the job description, include, but are not limited to:

- Supervising, implementing, and monitoring operational processes, procedures and related systems in support of departmental buying and contracting activities;
- Preparing, reviewing, and approving reports regarding supply chain status, contract expenditures, purchase history, etc. for reporting to management or other team members;
- Maintaining knowledge of applicable City practices, policies and procedures;
- Reviewing invoices, bills, etc., for accuracy and completeness.

The duties, functions, knowledge and skills of the Financial Manager II, as outlined by the job description, include, but are not limited to:

- Providing oversight over department's accounting, budgeting, purchasing, accounts payable, accounts receivable, revenue, CIP, grants, fixed assets, inventory, and payroll functions;
- Managing the development of the budget for the organization, performing budget analysis, providing guidance and recommendations to management, monitoring the budget by reviewing current year estimates and budget variance reports, and reviewing historical and forecast budget information;
- Reviewing financial and budget reports and performing financial analyses by managing compilation of appropriate information;
- Preparing, reviewing and evaluating financial and accounting documents, reports, and statements and ensuring that financial transactions are recorded promptly and accurately.
- Reviewing, analyzing and interpreting complex financial records.

This report states that detailed reviews of Mr. Whited's credit card transactions were not performed nor was a detailed review of budget overages related to those purchases performed. These were tasks that were the

Appendix B - Subject Response: McBee, continued

primary responsibility of both the Contract Management Supervisor and Financial Manager II. Both of the employees in these positions were competent individuals who were well versed in all aspects of city policy, and had extensive backgrounds in contracting, purchasing, budgeting, and other areas of finance. The Austin Public Library regularly relied upon their professional expertise to review and approve purchases, to detect irregular and/or questionable transactions and expenses, and to oversee spending in the Library's budget. It was common for both of these employees to regularly bring questions, concerns, or other issues regarding purchasing and finance to my attention for discussion.

My typical work practices as an Assistant Director include:

- Hire knowledgeable and experienced staff;
- Trust employees with specific professional expertise;
- Rely upon those employees for policy analysis and process implementation;
- Clarify and follow-up with communications as needed.

I trusted in the expertise of both the Contract Management Specialist IV (then Contract Management Supervisor) and the Financial Manager II, and trusted that they would notify me if/when they recognized atypical and/or questionable transactions or expenses. Typical work practices include a trust and verify process with those colleagues if/when atypical and/or questionable transactions or expenses were brought to my attention. Consistent budget monitoring is one of the primary responsibilities of the Financial Manager II position and it was my expectation that the Financial Manager II would notify me of significant budget issues and/or significant budget overspending.

The report states that APL "did not have proper procedures in place for using City credit cards, and did not always follow established procedures." However, all APL employees who are City credit card holders (which included Mr. Whited) are notified of and provided access to the Financial Services Department's *Purchasing Office ProCard Policy* and are expected to follow those established guidelines. All APL City credit card holders sign a *City of Austin Procurement Card (ProCard) Application and Agreement* form in which they acknowledge that they have read and understand the *City's ProCard Policy Manual*, and agree to carry out all of the responsibilities under that policy. Additionally, City credit card users must complete a ProCard training course. The Library Department had processes and expectations for all employees who were assigned to use City credit cards which included following the *Purchasing Office ProCard Policy* and obtaining purchasing and budget approval from supervisors or managers.

At the time the Library became aware of the allegations contained in this report, the Library's Administrative and Finance Division took immediate action to implement stricter protocols and other operational changes that resulted in significant improvement in the separation of duties, internal controls, and written documentation for all purchasing processes. The operational changes include:

- Separation of purchasing duties;
- Assignment of purchasing responsibility by Division;
- Separation of purchasing and receiving tasks;
- Requirement of documentation of receipt of purchase by an employee who is not the purchaser;
- Assignment of the Accountant Role for Purchasing Card review to a staff member other than the Accountholder or the Purchasing Card Liaison;
- Increase in the number of Purchasing Card Liaisons from one (1) to three (3);
- Reduction in the number of individual Purchasing Card holders from forty-three (43) to fifteen (15);
- Increase Internal Control review;
- Requirement that Approver Role for Purchasing Card holders be completed by management or supervisory staff that understands the procurement needs of their assigned accountholders;
- Updates to Purchase Request Form to require Budget Authorization signature and provide guidance on separation of duties;

Appendix B - Subject Response: McBee, continued

- Elimination of Contract Purchasing Cards for supplies; now requiring Individual Purchasing Card holders to obtain written budget authorization on a Purchase Request Form (PRF) prior to purchase;
- Limited shipping locations to the APL Warehouse and PO Box in order for APL Delivery staff to log all incoming packages;
- Strictly limited the use of third-party payment platforms for services only, with only written exceptions required by the Library Director for goods/services;
- Strictly limited use of PayPal as a guest rather than creating an account;
- Provided purchasing responsibility training for all purchasing roles including Accountholders, Approvers, Accountants, and staff with Budget Authorization;
- Created a Purchasing Card Checklist as a tool for review of receipts and supporting documentation.

Purchasing responsibility training has been conducted with key staff to review these changes. Moving forward, these operational changes will prevent such issues from reoccurring and will ensure proper accounting processes and protection of the City's assets.

In regards to the recommendations from the City's Purchasing Office regarding APL's credit card usage, the report states that the City's Central Purchasing Office identified several problem areas in June, 2018, and that neither the City's Purchasing Office nor Austin Public Library Management addressed the reported issues proactively. The report further states that I became aware of these recommendations in January 2019 but that I failed to fully address the recommendations. I believe this issue needs further clarification. Email records reflect that the initial report with recommendations was sent by the City's Purchasing Office directly to Mr. Whited, who was, at the time, the Purchasing Card Liaison. In late 2018, Mr. Whited approached me with some questions about some of the recommendations he had been working on. In my recollection, this is the first time I became aware of the report. In that discussion, I also had questions about what was being proposed. On January 8, 2019, I was copied into an email between Mr. Whited and the City's Purchasing Office by Mr. Whited regarding the question I had posed. The City's Purchasing Office responded and provided clarification and after that point, I continued to be included in the emails that were exchanged between the two discussing changes that were being made. The last email communication I was copied on was from the City's Purchasing Office on January 11, 2019. My interpretation at that time, based on that last communication, was that both parties were agreeable to all of the changes that had been proposed and that those changes were complete. In hindsight, I recognize there were additional steps I should have taken once I became aware of the report to ensure that all recommendations were fully implemented, and that it was not enough to simply trust that Mr. Whited had responded to the report and carried out the proposed changes.

I set high moral and ethical standards for myself and I consistently try to achieve them. I take significant pride in following my moral and ethical convictions, which include trying to do and say what is right no matter the circumstances or consequences. Because of this, I am deeply saddened by and disappointed in the actions on my part that led to the findings in this report. However, this is a matter that I take very seriously and I accept full responsibility for those actions. I would never willingly nor knowingly act against the best interests of the Austin Public Library, the City of Austin, or our citizens. Over the course of this investigation, I have been forthcoming and honest in providing information and answering questions asked of me, as I have tried to do throughout my career.

I have done my best to faithfully serve the Austin Public Library and the City of Austin in a job that I have loved for almost 20 years. I have proudly represented the Library Department and believe that my record speaks to my contributions, work ethic, and genuine love of the work that I do. The Austin Public Library does amazing work every day and I am dedicated to continue to support that work. I am truly honored to be a part of this team. I feel I have more contributions to make and much to offer the citizens of Austin, the Austin Public Library and our library community. I am committed to ensuring the underlying issues that led to the findings in this report never happen again. I know I can rebuild the trust of the citizens of Austin and continue to demonstrate the value I bring to the mission of the Austin Public Library.

Appendix B - Subject Response: McBee, continued

Again, thank you for the opportunity to respond to this report.

Dana McBee

Appendix C - Subject Response: McClure

Following is the response of Monica McClure

I, Monica McClure, believe the City of Austin Audit Report (hereinafter the "report") findings exclude details related to the operational processes and library policies that necessitated my unwitting role as a procard approver. The report fails to specify my role solely as a procard approver while also failing to fully define the other procard roles at the library, as well as the appropriate divisional responsibilities for supervision of procards. I strongly repudiate any intent, specific or direct, to commit fraud or waste upon the City.

The Procard Manual that was effective during the period specified in the report is the version dated October 1, 2017; attached hereto in its entirety. This Manual[1] was amended and updated on March 1, 2020 which does not cover the time period cited in the report. This is an important distinction not specifically defined in the report. Any reference to sections of the Procard Manual in this response refer to the October 1, 2017 version unless otherwise stated.

In the Procard Manual, the various procard roles are defined. These are:

1) Accountholder,
2) Approver (Departmental),
3) Liaison (Departmental),
4) Accountant (Departmental),
5) Department Director, and
6) Financial Manager (Purchasing Office).

During Randall Whited's (hereinafter "Whited") tenure with the library, I was only aware of three procards for which he was responsible: 1) A procard assigned in his name, 2) a card designated specifically for Summus/Staples, and 3) a card designated specifically for AT & T. At this time, Whited also served as Procard Liaison and in the Accountant role for the Library. Whited served in these three procard roles for many years thereby making him particularly situated to engage inappropriate conduct.

In August 2017 when I began working at the Library, I was assigned a Procard Approver role by my manager at the time, Victoria Rieger, Finance Manager. At the time, I expressed my concern for this new role to Whited, the Procard Liaison, since I had no previous experience with procards, and more specifically, as an Approver. Whited indicated that there was a short training video on the Purchasing Sharepoint site. I watched the short video which simply explained the approver process in the City's computer-managed credit card processing system, the WORKS system. The training did not provide information related to actual review and approval of transactions such as itemized receipts, review of invoices, or how to recognize fraudulent receipts. The Procard Manual specifies that the role of Procard Liaison, Whited in this case, "*coordinates requests for training sessions with Program Administrators*". (Section 4.4.7). Each month, as I

[1] Refer to Appendix G for the City's Oct. 2017 ProCard Policy Manual.

reviewed and approved Whited's transactional reports, I requested training which I never received. As Procard Liaison, Whited was the single point of contact at the Library for all cardholders and approvers for any requests for training. Any requests for training should have been routed from the Procard Liaison (Whited) to Procard Administration at Central Purchasing. From the present vantage point, I see now why Whited failed to pass along my requests for additional training. Furthermore, I contend there is a failure of Procard Administrators at Central Purchasing in not requiring training for all procard roles, especially that of Approver.

According to the Procard Manual, the Departmental Director "*annually signs an Authorized Departmental Signature List, which designates one or more Liaisons, as well as departmental employees authorized to approve Application and Agreement Forms*". (Section 4.7.1) As such, the Departmental Director, Employee , and Directors prior to Employee , would have authorized, in writing and every year, each of the Procard roles filled solely by Whited. This document was never prepared, reviewed or approved by me, and it was likely prepared by Whited himself. Additionally, it is the responsibility of the Financial Manager at the Purchasing Office to "*supervise program administrators*" (Section 4.8.2). All procard roles occupied solely by Whited over the years, thus, would have been supervised and authorized by the Purchasing Office Financial Manager and Department Director respectively. As having been assigned only a Procard Approver role, there was no reason for me to question the structure of procard roles at the Library. The procard roles had been signed off, in writing and every year by my management, at a Department Director level, and by the Purchasing Office Financial Manager. At no time during my employment with the library, did I receive a communication from the Procard Administrators at the Purchasing Office indicating a conflict of interest or risk associated with the various procard roles filled by Whited. Further, during my tenure with the Library there was never a risk assessment or audit conducted by the Procard Administrators in relation to procard roles. Section 4.9.10 requires that Procard Administrators (Purchasing Office) "*conduct(s) departmental program audits and monitors transaction activity for indications of non-compliance with Procard and Purchasing policy*". An audit by Procard Administrators would have revealed the lack of internal controls and risk for potential fraud and abuse due to the three conflicting procard roles occupied solely by Whited: Accountholder, Liaison, and Accountant.

A failure of library organizational structure allowed for the fraud by Whited. As a Contract Management Supervisor, involvement in procard responsibilities is not contemplated or specified. When I first arrived as a Library employee, and learned that I was to oversee accounts payable and serve in a Procard Approver role, so disturbed by the lack of separation of duties was I that I sought the advice of the City's Controller, Employee in late August 2017. My concerns of a lack of internal controls were further expressed to Finance Manager, Employee Employee , upon her arrival at the Library in late 2018. Not only did my

Appendix C - Subject Response: McClure, continued

expression regarding lack of internal controls go unheeded, but after Whited's resignation in August 2019, I was assigned an increasing level of responsibility for procards at the Library. In September 2019, I was assigned by my then manager, Employee , as one of three Procard Liaison's for the Library. Additionally, in August 2019, I was also assigned a procard in my name. My assigned tasks with this procard came directly from Employee . This procard was used specifically to pay for library utilities, but eventually also came to be used as a tool for emergency procurements in response to the pandemic. In sum, my management did not question my level of ethics, attentiveness to detail, or integrity regarding procard usage.

As a Procard Approver, I reviewed and approved Whited's procard reports once per month. This included review of his personal procard, the card designated specifically for Summus/Staples and card designated specifically for AT & T. This review included a detailed evaluation of all supporting documents. Whited's monthly procard transactions were numerous, typically over 100 transactions per month. On a regular basis, Whited would not submit his report and supporting documentation to me for approval until the day before it was due, or even the day of. Each month, I was under a firm time deadline to review and approve Whited's transactions. If the deadline to approve transactions was not met, use of Whited's card would be suspended for forty days. Whited was adamant that his card not be suspended since so much of library staff relied upon him for their public service needs. My contention is that each month, as a I reviewed Whited's procard transactions and supporting documentation on such a short timeline, I was acting under the distress of Whited and threat of his procard being suspended.

I believe most purchases for the subject printer toner were made through use of the Summus/Staples card. As was provided in the report, the library operates over twenty facilities, most of which have public-use printers. It was conceivable that regular purchases of toner were needed at these various facilities. It was my understanding that at times a library branch would have an immediate need for printer toner, at which times, Whited would agree to personally deliver the toner on his way home from the office. I agree that there was delivery/inventory staff at the library that was responsible for delivery of goods to various library branches, but, at the time, I had no reason to doubt that Whited was providing a delivery to a branch for items that were immediately needed to continue to serve a public need. Clearly, there was a failure in library policies which allowed Whited to engage in purchasing without any level of budgetary or operational approvals. Any expenditures for printer toner in excess of budget should have been realized and appreciated by the library's Finance Managers, Victoria Rieger and later, Employee . As a Procard Approver, I was responsible only for review of accounting lines to ensure that office supplies were coded to the correct funding line. As a Contract Management Supervisor, I was not responsible, at any time, for budget oversight or budget overages.

Appendix C - Subject Response: McClure, continued

As part of regular Library program activities, the purchase of video games, virtual reality headsets and associated equipment was common and accepted by Program/Divisional Management staff at APL. As such, I would have been unaware that Whited's purchase of these materials was not authorized. Whited oversaw the communication between Program/Divisional Staff regarding these types of purchases. Stated again, Whited was able to engage in these purchases without budgetary or operational approval due to a failure in library policies. Regarding missing altered receipts, just as the report notes, requests were made to Whited for itemized receipts, and his response was that he was unable to obtain such a receipt from the vendor. Additionally, if a receipt was missing, Purchasing/Procard Administration required that a Missing Receipt Form be completed and attached to an Accountholder's procard report. The Missing Receipt form is not indicated in the Procard Manual. Again, this is a failure of the Purchasing Office/Procard Administration in their preparation of the Procard Manual and lack of training afforded Accountholders and Approvers, and yet another avenue in which the potential for fraud is rampant.

Procard Manual version October 1, 2017, and in effect until the March 1, 2020 update, did not include language requiring "*confirmed delivery of goods & services purchased*". As such, in compliance with current procard policies, my review of Whited's supporting documentation did not include a review of delivery addresses. In fact, and as intimated in the report, supporting documentation submitted by Whited each month had been physically altered to reflect City of Austin delivery addresses. In this instance, any approvals applied by me would not have been applied knowingly or intentionally.

Ultimately, procard transactions were subject to a final signoff/approval by Whited himself in his Accountant role. The role of procard Accountant is defined in Section 4.5.1 of the Procard Manual as follows:

> *Reviews and assesses transactions and supporting documents and verifies proper approval and accounting information. Closes transactions in Works.*

Because of his role as procard Accountant, Whited had ultimate responsibility for approval of these transactions including which budget funding line those transactions were charged to, and final versions of supporting documentation, which were likely to have been altered by him to reflect an fraudulent delivery address. This is an inherent failure of the procard organizational structure at the Library. The Accountant role is the final check in the procard transaction system: the final review of procard supporting documentation and budget funding lines. Stated again, this procard structure was explicitly approved, once per year and in writing, by the Department Director as well as the Purchasing Financial Manager. During my tenure with the library, approval of the procard roles of Procard Liaison and Accountant would have been reviewed and approved yearly by Director Employee and Purchasing Financial Manager, Employee .

Appendix C - Subject Response: McClure, continued

In sum, the report fails to identify the entirety of the operational processes and library policies that required me to serve in a procard Approver role when I had no experience, no training, and no expertise in such a role. In this response, I have delineated the appropriate procard roles that were neglected in the report and are crucial to the understanding of how Whited's fraud was possible. For many years, Whited served in every departmental procard role possible: Accountholder, Liaison, and Accountant. This response has also defined the appropriate roles at the library that oversaw procard assigned responsibilities including budget oversight which was also overlooked in the report. The responsibility of defining procard roles fell upon a Departmental Director and was overseen by the Procard Administration Office. The responsible party at a department level for review of budgetary overages during the period referred to in the report is the Financial Manager, first Victoria Rieger, then Employee . I regret agreeing to assume a role as procard Approver without proper training or expertise, regret not pushing for additional procard training in that role, and regret my mistake in approving a transaction without an itemized receipt. As evidenced in this response, there were multiple failures in the library operational processes and Central Purchasing Procard Administration allowances that contributed to this unfortunate outcome.

Appendix D - Subject Response: Rieger

Response to Investigative Report on Austin Public Library

Thank you for the opportunity to respond to the investigative report conducted on the Austin Public Library. I worked as the Library's Financial Manager from January 2011 to June 2018. I have worked in financial management for twenty-five years and built my career on integrity, honesty, hard-work, and high ethical standards. My reputation and character are immensely important to me and as such, I take this opportunity to respond in order to provide additional information that I believe is noteworthy and relevant.

Purchase of Toner

The Austin Public Library (APL) System consists of 21 libraries, a history center, and other facilities. Each public library location had at least one or more printing and copying devices used by customers and staff. The volume of copying and printing varied by location; however my assumption was that each device required some level of regular toner replenishment. As the Financial Manager of the Library system, I was not responsible for maintaining copier supplies nor did I have knowledge of the levels of toner required by multiple branch libraries serving entire communities. For this reason, frequent purchases of toner appeared to me as a legitimate business expense given the number of copying/printing devices leased by APL.

Purchase of other items

The Library provides a variety of programming such as book clubs, crafting activities, adult/teen/children's activities, Storytime, gaming, computer classes, and more. As mentioned during my interview with City Auditors, the Library System purchases a wide range of items to meet these programmatic needs. Typical purchases made by the Library could include bubbles for Storytime, sewing/art and other craft supplies, technology items such as Xbox and PlayStation consoles including games for gaming events and many other items that could appear to be for personal use. These types of purchases were a normal course of operation to meet the programming wants and needs of library users.

The report states that *"Whited fraudulently altered multiple receipts to hide that he shipped items to his home" and that "Whited submitted at least one receipt that appeared to have been made using a word processor"* and cases where Whited's home is used as the shipping address. The report also states, *"In every case, APL management approved these purchases."*. The report appears to imply that APL management approved fraudulent purchases. If Whited was altering receipts or creating receipts on word processors (the latter of which some APL vendors and performers typically do), APL management, including myself, would <u>not</u> have known the receipts were fraudulent.

Lack of Credit Card Oversight

I would like to clarify that in my interview with the auditors, I stated that I did not recall ever seeing receipts with [orders of] supplies. My statement was in relation to office supplies ordered through the City's office supply contract. Whited informed me that receipts for office supplies ordered through the City's office supply contract were not available. I found this statement to be plausible, yet I regret trusting the word of my employee and not verifying it to be accurate. It is my understanding based on Whited's explanation of how the office supplies ordering process worked, that there were multiple library staff across the system who ordered office supplies for their location or work unit through an

online portal and that Whited was responsible for "releasing" or approving those orders. Multiple people across 21 branch locations and other facilities who ordered office supplies gave credence to his statement that receipts were not available.

The report states, *"We also found evidence that APL did not have proper procedures in place for using City credit cards and did not always follow established procedures. APL credit card holders were not required to receive purchase or budget approval before making purchases on their City credit cards."*

According to the City of Austin Administrative Bulletin 95-04 which establishes policies and procedures for the use of credit cards issued under the City's Purchasing Card Program, a Cardholder "Is authorized to purchase items for direct support of a City of Austin mission or officially approved and supported functions." This City procedure indicates that a cardholder is authorized to purchase on behalf of the City, therefore it was not an APL requirement for a Procard holder to obtain prior approval for purchasing an item using their Procard. Supervisors were required to review and physically sign-off on the purchase after it was made in accordance with the City's Procard Policies and Procedures Manual in effect at the time of my employment with APL. See attached manual titled "fasdppro209policymanual".[2] It is important to point out that the manual has since undergone revision in October 2017 and again in March of 2020, presumably in part as a result of this audit investigation.

Lack of Budget Monitoring

The report states that *"APL management did not respond to overspent categories in their department's budget. During Whited's tenure, we found that APL overspent several budget categories by hundreds of thousands of dollars. Between fiscal years 2015 and 2017, for example, the Library overspent its office-supply budget for 'Circulation/Branches' by at least $150,000 per year".*

The exhibit (4) which shows overspending in the Branch Services office supplies (object code 7500) category requires more context. As I mentioned during my audit interview, overspending in some categories (expense lines) was typically covered by underspending in other categories. During the budget years noted in the table and beginning in FY2015, APL received $100,000 in additional funding from the City's Budget Office. This funding was intended to offset the reduction in grants APL could receive under the revised Administrative Bulletin 08-04 which increased the threshold at which the City could accept a grant award. As Financial Manager, I recommended that APL record the additional "grant" funding (budget) in the Administration unit (8770). APL used the funding to issue mini-grants to library branches to provide public programming. As mini-grants were issued, primarily to the Branch Services unit (3000), staff spent the funds in various categories of expense lines including office supplies (object code 7500). This resulted in overspending in those expense categories however some of the funding for the spending was budgeted in another unit (8770). Several categories of expense within Branch Services overspent but were allowed to do so because of funding provided by the mini-grants. This process of accounting designed to monitor and report on the use of mini-grant funding continued even after my departure from APL.

I provide this example to give context to office supplies overspending as portrayal of a lack of budget monitoring on my part. To the contrary, every month for seven years, I monitored APL spending expense line by expense line spending days digging into details to ensure accuracy of expense

[2] Refer to Appendix H for the City's Oct. 2011 ProCard Policy Manual.

Appendix D - Subject Response: Rieger, continued

transactions and financial data integrity. This detailed level of budget monitoring was part of my monthly current year estimate of spending through the remainder of a given fiscal year. Monthly budget monitoring was a major responsibility that I performed diligently and for which I received outstanding performance reviews.

It is distressing that allegedly deceiving and fraudulent activity by Whited took place under my watch. I remain committed to the City of Austin and my work to maintain accountability, transparency, responsibility, and ethical financial stewardship.

Appendix E - Office of City Auditor's Response to the Subjects' Responses

We reviewed the subjects' responses. We believe our findings stand.

The level of purchasing review conducted by McClure and Rieger did not meet the requirements of a purchase approver as listed in any referenced versions of City ProCard policies. They approved transactions where receipts were not submitted, transactions in which items were shipped to non-City facilities, including Whited's home address, and transactions with receipts that did not state what was purchased. Additionally, McBee oversees financial operations at APL, which allowed Whited to overspend the office supply budget by approximately 400% for multiple, consecutive years. These inappropriate approvals and budgetary inaction led to the waste of City resources.

Note: At the request of McClure and Rieger, the City's 2017 and 2011 ProCard Policy Manuals are attached as Appendix G and Appendix H, respectively.

Appendix F - Management Response

AUSTIN PUBLIC LIBRARY

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MEMORANDUM

To: Brian Molloy, Chief of Investigations, Office of the City Auditor

From: Roosevelt Weeks, Director of Libraries, Austin Public Library

Date: September 28, 2020

Subject: Audit Investigative Report IN19016 – Austin Public Library: Fraud and Waste

I have reviewed the Auditor's report outlining fraud, waste, and abuse allegations against a former Austin Public Library (APL) employee as well as identified financial process shortcomings at APL. I concur with the Auditor's findings and provide the following response on behalf of the department.

The Department takes fraud, waste, and abuse seriously and has fully cooperated with investigations conducted by the City Auditor, as well as the Austin Police Department and the District Attorney's office, when requested. Additionally, while participating in the investigation, the Department began taking immediate steps internally to address systemic deficiencies as outlined below.

Background

The investigative report finds former APL employee and Accounting Associate II, Randall Whited stole printer toner and other items totaling over one million dollars in value over the course of about 11 years, stored it in his garage, and sold it online for personal gain. The report also addresses purchasing and budget-related shortcomings with reference to former Financial Manager Victoria Rieger, Contract Management Supervisor I Monica McClure, and Assistant Director of Support Services Dana McBee.

Upon notification of the allegations received by the Auditor's office, APL management placed Randall Whited on administrative leave in July 2019 pending results of the investigation. As stated in the report, Randall Whited resigned in lieu of termination for an unrelated issue in August 2019.

Whited reported directly to Contract Management Supervisor I, Monica McClure, who resigned from APL and the City of Austin in August 2020. Whited also reported to Financial Manager, Victoria Rieger, who left APL in July 2018 to accept a position with Austin Resource Recovery.

Assistant Director Dana McBee was responsible for overseeing the Financial Services Division during the period in question. While her duties no longer include financial service oversight, she

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Appendix F - Management Response, continued

AUSTIN PUBLIC LIBRARY

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does maintain responsibility for APL's Support Services Divisions under my direction and has cooperated with all matters related to the investigation.

Actions

Under my direction, APL's current Financial Manager has been working with Library management and staff to implement updates to our purchasing operations and strengthen internal controls to eliminate opportunities for fraud and waste. These actions are in addition to changes made to the City's established policies and procedures which, combined, add extra layers of protection and reduce the likelihood of fraud.

Specifically, we've created procedures to separate the duties and roles related to purchasing. For instance, we are requiring a signed Purchase Request Form approved by staff with budget authority, such as the Division Manager or a Director level position, as supporting documentation for all purchases, and all purchases now require supporting documentation confirming delivery to an employee other than the purchaser. Additionally, the City of Austin's credit card approval system now restricts the credit card accountholder from completing the account review for their own purchases. Library management also reduced the number of credit cards issued to staff and eliminated the use of contract cards for office supplies to minimize unnecessary risk through high-volume transactions.

Internal control improvements include requiring delivery of goods ordered to the Library warehouse. There, Delivery Services staff will log receipt and distribution of all packages while maintaining inventory of general office supplies using MicroMain, an asset management tool. All remaining APL credit card accountholders have been assigned an Approver that understands operational procurement needs of their assigned Accountholders. We have limited the use of third-party payment platforms connected to City credit cards and require written exceptions be approved by the APL Director. Finally, Division Managers with budget authority have been trained to access – and are responsible for reviewing – detailed budget reports to assist with monitoring their budgets.

All staff with budget authority, purchasing responsibility, and a role in the credit card process have received training regarding these operational changes for improving separation of duties and internal controls. I believe these updates will prevent individuals with ill-intent from taking advantage of the internal control systems in the future and ultimately result in a better and more robust program for protecting the City's assets and the public's money. Additionally, the City of Austin Financial Services staff continue to enhance Citywide control protocols.

Thank you for the opportunity to respond regarding APL's handling of this matter. Please feel free to contact me with any questions or concerns.

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Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017)

	CITY OF AUSTIN	Document Number: FASD-PPRO209
Organization: Financial Services Department. Purchasing Office		Revision Number:019
Subject: Purchasing Office ProCard Policy		Effective Date: 10/1/2017

Purchasing Office

ProCard Policy Manual

Approved By:

Steven Stenton	**October 1, 2017**
Financial Manager	**Effective Date**

File Path: O:\ProCard\Policy\Policy manual\FASD-PPRO209-019.doc

Page: 1 of 18

Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

	CITY OF AUSTIN	Document Number: FASD-PPRO209
Organization: Financial Services Department. Purchasing Office		Revision Number:019
Subject: Purchasing Office ProCard Policy		Effective Date: 10/1/2017

Document History Log

Status (Baseline/ Revision/Admin Change/Canceled)	Document Revision	Effective Date	Description
Revisions	1-15		See Revision 15 for details of changes, starting clean again for Revision #16
Revision	16-18	7/1/2011	See Revision 18 for details of changes, starting clean again for Revision #19
Revision	19	10/1/2017	Throughout – retitled Cardholder to Accountholder, other consolidations and edits Added definitions for Bank (3.5), GAX (3.7), Individual card (3.8), PIN (3.12) Consolidated prohibited transactions (6.3) & exceptions (6.4) into one section (6.2) Added requirement to purchase all trip meals or none on ProCards (6.2.1) Added prohibition on gift cards for employees (6.2.8) Added exception for payment of sales taxes during travel (6.2.10) Added exception for custom orders to be charged prior to delivery (6.2.12) Removed process detail for recording controllable assets

Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

	CITY OF AUSTIN	Document Number: FASD-PPRO209
Organization: Financial Services Department. Purchasing Office		Revision Number:019
Subject: Purchasing Office ProCard Policy		Effective Date: 10/1/2017

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Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

	CITY OF AUSTIN	Document Number: FASD-PPRO209
Organization: Financial Services Department. Purchasing Office		Revision Number:019
Subject: Purchasing Office ProCard Policy		Effective Date: 10/1/2017

1 Purpose

1.1 The City's procurement card (ProCard) program was established to streamline the purchasing and payment process. ProCards offer a cost-effective alternative to the use of petty cash, paper checks and departmental purchase orders, resulting in substantial savings in staff time and paperwork.

1.2 ProCards are issued for the sole purpose of purchasing goods or services for the direct support of an approved City program, activity, or function.

1.3 ProCards are more widely accepted as a method of payment than purchase orders by many organizations, including Federal and State agencies, conference organizers, training institutions, and online vendors.

1.4 The program was established in 1998 with Bank of America, in a contract executed under the Cooperative Purchasing Program of the State of Texas. The current contract with Bank of America was executed as a cooperative agreement with Fort Worth ISD.

2 Scope and Applicability

2.1 The ProCard Policy Manual is applicable to the Purchasing Office and all City Departments except Austin Energy, which administers an independent procurement card program.

2.2 The ProCard Policy Manual is part of a larger set of documents owned by the Purchasing Office which together make up the Purchasing Process. The Policy is issued under the authority of Admin Bulletin 95-04 (City of Austin Citywide Credit Card Policy)

2.3 All employees of the Purchasing Office and City Departments are expected to adhere to the standards contained within the ProCard Policy Manual. Any exceptions to the standard will be documented and approved by the Financial Manager of the Purchasing Office.

2.4 The official controlled version of this document is the ProCard Policy Manual electronic file accessible at the Purchasing Office website. Any hardcopy of this document is considered an uncontrolled document. Any employee using an uncontrolled document is responsible for ensuring that the document is the most current and official version.

Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

2.5 The ProCard program is managed through the Bank's ProCard software application (Works), which interfaces with the City's financial system.

3 Definitions

3.1 Accountant: A Departmental employee responsible for ensuring proper approval and accounting for all ProCard transactions and for maintaining ProCard records and documentation.

3.2 Accountholder: A permanent or temporary City employee on the City payroll system who has been issued an individual ProCard.

3.3 Application & Agreement form: A contract that requests Works access and/or a ProCard and that commits the applicant to execute the assigned responsibilities in accordance with the ProCard Policy Manual. This form is also required if a card has been cancelled and reissued due to fraud or loss, or if an Accountholder changes departments or their legal name.

3.4 Approver: A Departmental employee responsible for reviewing and approving Accountholder transactions and supporting documentation. The Approver may or may not be the Accountholder's supervisor or manager.

3.5 Bank: Bank of America, the City's ProCard issuer.

3.6 Contract card: A ProCard linked to a City Master Agreement (MA).

3.7 General Accounting Expenditure (GAX): a payment category that is not available to be paid under a contract and is exempt from the normal competitive bid requirements (examples include advertising and utilities).

3.8 Individual card: A ProCard issued in the name of, and assigned to, an individual City employee.

3.9 Liaison: A Departmental employee responsible for administering the ProCard program within the Department and serving as a communication and policy resource for Departmental employees.

3.10 Merchant Category Code (MCC): A code assigned to a vendor that describes the type of goods or services the vendor sells. Program Administrators may block certain MCCs for some ProCards.

3.11 Non-Compliance: A failure to comply with program requirements, which can result in an oral or written warning or reprimand, the suspension or

cancellation of the ProCard or Works user account, and/or termination of employment.

3.12 Personal Identification Number (PIN): the 4-digit number associated with a ProCard and required to complete transactions with some vendors.

3.13 Program Administrator: A Purchasing Office employee responsible for overall administration and maintenance of the ProCard program.

3.14 Purchase Request: An online submission in Works for a specific Procard that requests additional temporary spending authority and/or the temporary removal of MCC blocks.

3.15 Reconciler: A Departmental employee responsible for completing transaction signoffs on behalf of an Accountholder or for a contract or scoped ProCard.

3.16 Scoped card: a ProCard issued for a single spending category that is eligible for payment under a GAX authority (for example, utilities, advertising).

3.17 Works: the ProCard software application used to log all ProCard activities, assign roles to users, process purchase requests, complete transaction signoffs, generate reports, and submit dispute notifications.

3.18 Works user: a City employee with ProCard program responsibilities who has been assigned a unique user account on the Works application.

4 Responsibilities

4.1 All employees with any ProCard program responsibilities

4.1.1 Must be a permanent or temporary employee on the City payroll system.

4.1.2 Complies with all policies and procedures relating to the ProCard program and City procurement policies and procedures.

4.1.3 Avoids the appearance of impropriety in all aspects of the program. Does not initiate, approve, recommend, or take any part in a request, transaction, or any other matter related to the ProCard program that the employee knows, should know, or that a reasonable person would be expected to know will benefit the employee or a person related to the employee by blood or marriage, or living in the same household. Immediately notify their immediate superior if a

potential improper situation arises, so the superior can evaluate the situation, escalate if necessary, and document the resolution.

4.1.4 Completes all required ProCard training.

4.1.5 Must have a successful criminal background investigation for employees with Financial Responsibilities (CBI-FR) every 24 months, as required under the HRD Procedure Addendum to CBI General Guidelines - Financial Responsibilities. Safeguards the Works user password, physical cards, and all credit card information (number, expiration, PIN, etc.) and does not share this information with anyone else, except when completing a transaction.

4.1.6 Notifies the Liaison of any change in employment status (transfer or separation).

4.2 Accountholder

4.2.1 Never shares or loans his or her ProCard or card information. Disciplinary action, including termination of employment, can result.

4.2.2 Calls the Bank to activate a new or replacement card and manage PIN information.

4.2.3 When completing a remote purchase, communicates card information to vendor via phone, fax, or online entry (not via email).

4.2.4 Signs off on all transactions in Works, completing the following steps to ensure that all transactions are signed off and closed prior to each month's noon deadline:

4.2.4.1 Inputs valid expense accounting (Fund, Department, Unit, Object Code, and other codes when applicable)

4.2.4.2 Replaces the vendor name in the Description field with a description of what was purchased and its business purpose.

4.2.4.3 If a transaction falls under the reporting and approval requirements of Admin Bulletin 07-11 (Business Expense Reimbursements), the type and location of the event, as well as the event participants (including business relationships and titles) must be included on the transaction description, and the paper Business Expense form is not required.

Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

4.2.4.4 NOTE: Any card with one or more transactions that have not been signed off by the Accountholder and the Approver by the noon deadline will be suspended until the start of the next billing cycle, approximate 40 days.

4.2.5 Collects itemized receipts and/or packing slips for each transaction, prints Payables Allocation report, makes paper copies of all receipts on thermal paper (to ensure record legibility over time), attaches all paperwork to the report (in the order the transactions are listed on the report), and submits to his or her designated Approver.

4.2.6 Electronically attaches transactions related to a Purchase Request to that request in Works as soon as the transactions appear in Works. When all related transactions have been attached, the Accountholder electronically closes the Purchase Request.

4.2.7 Consults with departmental Purchasing staff or a Central Purchasing Buyer to determine the necessary insurance verifications to obtain from vendors who will be providing services on City property or other potentially high-risk goods or services.

4.2.8 Requests exemption from sales or use taxes on all transactions in the State of Texas not related to travel on City business. Provides the vendor with the City's tax-exempt ID (74-6000085) or a completed Sales & Use Tax Exemption Certification. While a vendor may be unable or unwilling to provide an exemption, the Accountholder must make (and document) a reasonable effort to obtain one. (see section 6.2.10 for details)

4.2.9 Coordinates any returns and credits with the vendor and does not accept cash or check refunds for items paid with a ProCard.

4.2.10 Immediately reports a lost or stolen card to the Bank, and notifies the Liaison or Program Administrators within one business day.

4.2.11 Immediately reports any accidental, inadvertent, or fraudulent use of the ProCard to the Liaison or Program Administrators.

4.2.12 Promptly investigates any erroneous charges, implements the dispute resolution process when needed, and notifies the Liaison and Program Administrators whenever a dispute is initiated.

Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

4.3 Approver (Departmental)

4.3.1 Reviews all transactions and supporting documentation for compliance with City policies, indications of serial purchasing (see 6.2.11), or evidence of fraud or misuse. Signs off on transactions in Works. Signs the printed Payable Allocation report (only required for Approvers in paper-signoff approval groups). Forwards all paperwork to the Accountant.

4.3.1.1 NOTE: Any card with one or more transactions that have not been signed off by the Accountholder and the Approver by the noon deadline will be suspended until the start of the next billing cycle, approximate 40 days.

4.3.2 Immediately contacts the Liaison and Program Administrators upon discovery of any evidence that an Accountholder may have misused a ProCard.

4.4 Liaison (Departmental)

4.4.1 Provides policy and procedural guidance to department personnel. Maintains a current understanding of policy and procedures to be able to answer routine questions from department personnel. Responds to requests for information from Program Administrators and disseminates information to department personnel at the request of Program Administrators.

4.4.2 Monitors job functions and workflows within their department and recommends Works assignment changes and issuance or cancellation of ProCards when applicable.

4.4.3 Manages the application process for Works users and ProCards, obtaining authorized signatures, and verifying successful completion of a criminal background check within the previous 24 months.

4.4.4 Distributes new and replacement ProCards to Accountholders, by hand or via interoffice mail inside a second interoffice envelope. Maintains safekeeping of all ProCards held pending distribution.

4.4.5 Notifies Program Administrators of any program participant's change in employment status (transfer or separation). Recovers and destroys ProCards from transferring or separating employees.

Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

4.4.6 Sends requests for creation of accounting lines to Program Administrators.

4.4.7 Coordinates requests for training sessions with Program Administrators.

4.4.8 May also perform Accountant duties (see section 4.5).

4.5 Accountant (Departmental)

4.5.1 Reviews and assesses transactions and supporting documents and verifies proper approval and accounting information. Closes transactions in Works.

4.5.1.1 NOTE: Any card with one or more transactions that have not been signed off by the Accountholder and the Approver by the noon deadline will be suspended until the start of the next billing cycle, approximate 40 days.

4.5.2 Retains ProCard records according to the State of Texas record retention schedule (fiscal year-end + 5 years). Verifies that paper copies of receipts on thermal paper have been made (to ensure record legibility over time).

4.5.3 May also perform Liaison duties (see section 4.4).

4.6 Purchase Request Approver (Departmental)

4.6.1 Reviews and approves non-travel purchase requests less than $3,000 (applies only to departments that have chosen to set card limits below standard levels).

4.7 Department Director

4.7.1 Annually signs an Authorized Departmental Signature List, which designate one or more Liaisons, as well as departmental employees authorized to approve Application & Agreement forms.

4.8 Financial Manager (Purchasing Office)

4.8.1 Sets ProCard Policy consistent with City and Purchasing Policies.

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4.8.2 Supervises Program Administrators and ensures adequate back-up staff is available and trained for emergencies or employee absences.

4.8.3 Promotes the ProCard program throughout the City to expand its use as a preferred payment method for the City.

4.9 Program Administrator (Purchasing Office)

4.9.1 Administers the ProCard program.

4.9.2 Answers questions regarding the ProCard program, communicates with Liaisons on compliance issues. Ensures timely distribution of information to appropriate personnel.

4.9.3 Reviews and processes Application & Agreement forms, creates Works user accounts, and issues new and replacement ProCards. Notifies Liaisons when cards arrive, and safeguards all cards until they are released to the Accountholder, Liaison, or other department employees designated in advance by the Liaison.

4.9.4 Reviews and approves purchase requests.

4.9.5 Processes changes to Works user status, roles, and permissions or assignments.

4.9.6 Maintains current authorized signature lists and ensures that activity is processed and approved only by authorized departmental staff.

4.9.7 Ensures Bank payments are completed accurately and on time.

4.9.8 Ensures expense transactions are uploaded and posted to the financial system accurately and on time.

4.9.9 Provides training to Works users and other program participants and tracks completion of required training.

4.9.10 Conducts departmental program audits and monitors transaction activity for indications of non-compliance with ProCard and Purchasing policy. Notifies Liaisons in the event of policy non-compliance and works with Liaisons to resolve any issues.

Appendix G - Purchasing Office ProCard Policy Manual (Oct. 2017), continued

4.9.11 Identifies opportunities to expand and improve the ProCard program, while maintaining adequate internal control and adhering to ProCard and Purchasing Policy.

4.9.12 Maintains all program documentation on file in accordance with City archiving policies:

4.9.12.1 Application & Agreement forms – fiscal year-end + 5 years after account closes, or until superseded by subsequent form

4.9.12.2 Departmental signature lists – until superseded by subsequent list + 6 years

4.9.12.3 Audit and other program administration documents – until superseded by subsequent audit + 3 years

4.10 Buyer (Purchasing Office)

4.10.1 Approves all competitive exemptions and all competitive solicitations for purchases over $5,000.

5 Reference

Documents or forms listed in this section are used as reference material.

5.1 Forms

- FASD-PRO-01: Authorized Departmental Signature List (Director's designation of authority)
- FASD-PRO-02.v2: Procurement Card Application and Accountholder Agreement: http://purchweb.ci.austin.tx.us/intranet/Works/WorksApplicationAndAgreementForm.pdf
- Fixed and Controllable Asset Template (Controller's Office): http://afstwomain.ci.austin.tx.us/web/controller/FixedAssets/fixedAssets.cfm
- Tax Exemption Certification: http://purchaustintx.coacd.org/intranet/TaxExemptInstructions.cfm

5.2 Documents

- Admin Bulletin 95-04 (Credit Card Policy): http://cityspace.ci.austin.tx.us/departments/hrm/policies-procedures/bulletins/95-04.pdf
- Admin Bulletin 06-02 (Guidance for Using City Funds for Employee Meals): http://cityspace.ci.austin.tx.us/departments/hrm/policies-procedures/bulletins/06-02.pdf
- Admin Bulletin 07-07 (Employee Recognition Events): http://cityspace.ci.austin.tx.us/departments/hrm/policies-procedures/bulletins/07-07.pdf
- Admin Bulletin 07-11 (Business Expense Reimbursements):

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http://cityspace.ci.austin.tx.us/departments/hrm/policies-procedures/bulletins/07-11.pdf
- GAX Exception List: http://purchweb.ci.austin.tx.us/intranet/purcman1/gax.cfm
Purchasing Manual:
http://purchaustintx.coacd.org/intranet/Download/purchasing_policies_and_procedures_manual.pdf
- HRD Procedure Addendum to CBI General Guidelines - Financial Responsibilities:
http://cityspace.ci.austin.tx.us/departments/hrm/policies-procedures/procedures/CBI-Financial-Responsibilities.pdf
- List of Master Agreements authorized for purchases with individual ProCards:
http://purchaustintx.coacd.org/intranet/Works/Contracts_Allowed_on_Standard_ProCards.pdf
- Travel Policy & Procedure: http://afstwomain.ci.austin.tx.us/web/controller/travel/Travel.pdf

6 Policy

6.1 ProCard Types

6.1.1 Standard Card

6.1.1.1 For an individual ProCard, the limit for a single transaction is usually set at $3,000, which matches the single bid limit set by Purchasing Policy. Departments may solicit multiple bids below $3,000 at their discretion.

6.1.1.2 The total spending limit for each monthly billing cycle is $25,000.

6.1.1.3 Certain Merchant Category Codes (MCCs) may be blocked, because the goods and services offered by these vendors (for example, amusement parks, gambling institutions, tobacco stores) typically do not fall within the normal course of City business. Also, travel-related MCCs (for example, hotels and airlines) are blocked on most cards. This restriction provides controls on employee travel but it can be lifted. (see section 6.2.5 for details).

6.1.2 Travel-Only Card

6.1.2.1 A travel-only individual ProCard can be requested for an employee who will be travelling and who has no other need for a ProCard. The typical travel-related MCC restrictions

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are not placed on this card, but it carries a default zero credit line to prevent any charges until needed.

6.1.2.2 In advance of a trip, a Purchase Request is submitted in Works to fund the card for the trip. After the trip is concluded, the card reverts back to a zero credit line.

6.1.2.3 NOTE: Employee travel is regulated by the City Travel Policy.

6.1.3 Contract Card: A ProCard linked to a specific vendor and City Master Agreement (MA). A contract card may not be used for any purchases outside of the designated contract, or with another vendor under the same contract. Customized spending limits (single transaction, monthly, annual) are established for each contract card.

6.1.4 Scoped Card: A ProCard linked to a specific category of purchases associated with the GAX exemption. A scoped card is issued for payments that fall under the City's GAX Exception List. Customized single transaction limits and monthly spending limits can be established for each scoped card.

6.2 Purchases not allowed on a ProCard (and Exceptions)

Accountholders who are unsure if a potential ProCard purchase is appropriate should contact the Liaison, Central Purchasing Buyer, or Program Administrator. In addition to the restrictions listed below, Accountholders are advised to use sound judgment, avoid the appearance of impropriety when spending City funds, be aware that all data related to the ProCard program is subject to open records requests, and be able to provide full documentation and a sound business-case justification for any purchase.

6.2.1 Goods or services for personal benefit or consumption

– Exceptions:

1 - Purchases that fall under the reporting and approval requirements of Admin Bulletin 07-11 (Business Expense Reimbursements). In addition, food for valid business functions can be purchased in compliance with Admin Bulletin 06-02 (Guidance for Using City Funds for Employee Meals).

2 - Rewards and Recognition events for employees. Bids are only required (a) if the total cost of the event (including food, meals, and/or activity costs) is over $5,000, or (b) if the total cost is over $3,000 and the per-head cost of the event is over $25. Under Admin Bulletin 07-07 (Employee Recognition Events), a Director's approval must be documented and maintained on file with the ProCard records. Director approval may be documented by (a) a memo authorizing purchases for the event, or (b) a copy of the Department's approved Rewards and Recognition plan for the applicable fiscal year that lists the event.

6.2.2 Purchases exceeding the $3,000 single bid limit

– Exceptions: A Purchase Request can be submitted in Works to increase an Accountholder's single transaction limit, in these situations:

1 - The item is an expense type that is exempt from competitive bidding, as listed on the City's GAX Exception List.

2 - The employee has obtained three competitive bids, and the department and vendor prefer to process the payment by credit card.

3 - The item is being purchased through a contract on the Authorized Contract List (see 6.2.7).

NOTE: Fixed assets have a cost of $5,000 or more and must be recorded with the Controller's Office. The Accountholder must contact their department's fixed asset point-of-contact (often a Financial Manager), who will provide an asset tag to be attached to the item, complete the Fixed and Controllable Asset Template, and send it to the Controller's Office Fixed Assets unit.

6.2.3 Software purchases must be processed through the CTM purchase requisition process, to ensure license compliance and standardization as well as establish support for the product.

6.2.4 Purchases of IT equipment (including desktop computers, laptops, tablets, and network printers). Purchase of this equipment must be processed through the CTM purchase requisition process, to ensure IT equipment supply contracts are properly administered.

- Exception: Keyboards, cables, mice, speakers, and USB data sticks are considered to be peripheral computers items and can be purchased on a ProCard.

6.2.5 Travel-related expenses. Most individual ProCards include MCC blocks for travel-related vendors (for example, hotels and airlines). NOTE: Employee travel is regulated by the City Travel Policy.

- Exceptions:

1 - Travel MCC blocks can be lifted for a specific trip. A Purchase Request must be submitted in Works, including the traveling employee name(s), trip dates, trip destination, purpose of travel, and the required approval from the Department Director, Assistant City Manager, or City Manager.

NOTE: To avoid a per-diem split, the ProCard must be used for all meal purchases during a trip or none.

2- Accountholders with a high volume of travel-related spending can be given permanent travel authorization. The travel-related MCC blocks will be permanently lifted in Works, and no Purchase Requests are required for their travel-related purchases.

6.2.6 Blocked vendors. Internet gambling, alcoholic beverages, tobacco products and other products and services.

- Exception: If a documented department need requires a purchase from a blocked vendor, the Accountholder may notify the Liaison, who evaluates the situation and may request the Program Administrators to temporarily lift the MCC block on an individual ProCard to permit the purchase to be processed. Depending on the nature of the request, written approvals from the Department Director, Assistant City Manager, or City Manager may be required.

6.2.7 Contracted Items. Items that are available for purchase as part of an existing Master Agreement.

- Exceptions:

1- A contract card is to be used for purchases with the vendor and Master Agreement linked to the card.

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2 - Purchases on selected Citywide contracts are permitted using individual ProCards. The list of authorized contractsis available on the Purchasing Office website. A Purchase Request is required in Works for purchases over $3,000, but multiple bids are not required as the contracts have already been competitively solicited.

6.2.8 Gift cards and gift certificates, including stored-value cards (for example, Target, Home Depot, Visa) or any other item that can be converted into cash or other value. Cash-value awards to employees under a Department's Rewards and Recognition program can be allocated directly to the employee using the Banner payroll system.

- Exception: gift card for non-employees may be purchased and distributed to non-employees as part of a critical City program (for example, incentive cards for public immunization programs). Departments issuing cards to non-employees must:

A – submit a Purchase Request in Works, regardless of the total dollar amount of gift cards requested
B – create a distribution log and record the dollar amount and recipient's name for each gift card distributed
C - file the log (with confidential data redacted), the receipt, any other supporting documentation, and Payable Allocation report in the Department's ProCard files.

6.2.9 Cash advances, money orders, cashier's checks, or cash refunds.

6.2.10 Sales and use taxes added on to any transaction (physical or online) within the State of Texas. Accountholders should provide the vendor with the City's tax-exempt ID (74-6000085) or a completed Sales & Use Tax Exemption Certification. While a vendor may be unable or unwilling to provide an exemption, the Accountholder must make a reasonable effort to obtain one. Other taxes, including hotel occupancy taxes, are permitted.

- Exceptions:

1 - Travel within or outside the State of Texas is considered by the IRS to be a 'personal' expense, and purchases made during travel are not exempt from sales and use taxes.

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2 – Out-of-state vendors (including online vendors with out-of-state addresses) are not required to exempt purchases from sales and use taxes, but can sometimes be persuaded to waive them. Accountholders are encouraged to request an exemption, but failure to obtain one is not considered a policy violation.

6.2.11 Serial transactions totaling more than the $3,000 single transaction limit. Circumventing the solicitation requirement for purchases over $3,000 by splitting purchases across multiple vendors, breaking the item into component parts, or making purchases of smaller quantities over several days is prohibited.

6.2.12 Back-ordered items not available at time of purchase. Goods must be shipped (for remote orders) or received (for physical retail purchases) before the card is charged.

- Exception: Custom orders (for example, cabinetry or trailer framing) may require a deposit, full or partial payment to the vendor before the items are delivered.

6.3 Non-Compliance

6.3.1 Failure to comply with the ProCard Policy Manual may result in actions including but not limited to:

- Oral or written warning
- Suspension or cancellation of a ProCard and/or Works user account
- Oral or written reprimand
- Deductions from paycheck of amounts owed to the City due to Accountholder's improper use of a ProCard
- Termination of employment

6.3.2 Actions taken in response to non-compliance will be initiated by in Program Administrators, Purchasing Office Financial Manager, and Liaisons, and may include consultation with Department management and City HR Department

6.3.3 Actions taken in response to non-compliance will be determined based on the severity of the violation, the size of the financial loss exposure, and the performance history of the individuals involved.

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	CITY OF AUSTIN	Document Number: FASD-PPRO209
Organization: Financial and Administrative Services Department. Purchasing Office		Revision Number: 017
Subject: Purchasing Office Pro-Card		Effective Date: 10/1/2011

Purchasing Office

Pro-Card

Approved By:

Mike Benson

Digitally signed by Mike Benson
DN: cn=Mike Benson, o=City of Austin, ou=Central Purchasing, email=mike.benson@austintexas.gov, c=US
Date: 2011.10.06 11:30:41 -05'00'

Financial Manager

Effective Date:

File Path: O:\PurchCard\Policy Docs\FASD-PPRO209-017-POProCard.doc

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	CITY OF AUSTIN	Document Number: FASD-PPRO209
Organization: Financial and Administrative Services Department. Purchasing Office		Revision Number: 017
Subject: Purchasing Office Pro-Card		Effective Date: 10/1/2011

Document History Log

Status (Baseline/Revision/Admin Change/Canceled)	Document Revision	Effective Date	Description
Revisions	1-15		See Revision 15 for details of changes, starting clean again for Revision #16
Revision	16	7/1/2011	Multiple locations: replace "should" with "must" or "can" 3.1.6 Language about overwriting merchant name in description field as many employees still not following the training guide. 5.2 & 6.4.1 References to FASD-PRO-07: Travel Authorization form for ProCard removed as form no longer required. Added 6.1.7 CBI requirement for employees with ProCards
Revision	17	10/1/2011	3.1.6 See Note for FY12 about validation being FDUO now vs. just FDU 3.2.3 Added paragraph about audit finding for approvers to initial paper form as proof they reviewed physical receipts. 6.4.4 Added examples back in as there were multiple questions during FY11 6.4.5 Remove annual renewal requirement. 6.4.7 Change text about fixed assets due to move from $1,000 to $5,000.

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	CITY OF AUSTIN	Document Number: FASD-PPRO209
Organization: Financial and Administrative Services Department. Purchasing Office		Revision Number: 017
Subject: Purchasing Office Pro-Card		Effective Date: 10/1/2011

1 Purpose

1.1 The Purchasing Card (ProCard) program was established in an effort to streamline the purchasing and payment process for small (single bid limit) transactions of (at the time $500 or less), currently $2,500 or less.

1.2 The program was conceived as a highly efficient and cost effective alternative to the use of petty cash and departmental purchase orders.

1.3 The program was originally established in 1998 with Bank of America, in a contract executed under the Cooperative Purchasing Program of the State of Texas. The current contract with Bank of America was executed as a cooperative agreement with Fort Worth ISD.

2 Scope and Applicability

2.1 The disciplined use of the ProCard results in substantial savings to the City, in staff time and paperwork expended when making small dollar purchases. Additionally, the purchasing card is more widely accepted as a method of payment than are Purchase Orders.

2.2 Organizations such as federal and state agencies, conference organizers, learning institutions, and many on-line marketers will not accept purchase orders, but will readily accept MasterCard as a method of payment.

2.3 The ProCard Process is applicable to all members of the General Buying Group and Departments. It addresses the ProCard workflow to issuance, use, cancellation and report of lost/stolen cards.

2.4 The ProCard Process document is part of a larger set of documents owned by the City of Austin Purchasing Office which together make up the Purchasing Process.

2.5 This document is intended as a standard, and members of the Central Purchasing Office and Departments are expected to adhere to this standard. Any exceptions to the standard will be documented and approved by the Finance Manager of the Purchasing Office

2.6 Future revisions to this or any other process documents shall reflect appropriate guidelines as defined by the Finance Manager of the Purchasing Office

2.7 The official controlled version is the electronic file accessible at the Purchasing Office Intranet site.

2.8 Any hard-copy of this process document printed from the Electronic Document Management System (EDMS) is considered an uncontrolled document. Any office or organization using an uncontrolled document is responsible for ensuring that the document is the most current and official version.

2.9 All data collected will be stored and controlled through the ProCard Information System (Works) and interfaced from Works into the City Financial System. Data security, integrity and protocols are prescribed by the banking institution issuing the ProCard to city employees.

2.10 To ensure proper ownership, responsibility, and accountability, the owners of a task or tasks will be identified through each step of the process workflow.

3 Responsibility

3.1 Cardholder

3.1.1 The cardholder is responsible for understanding the processes here outlined, and adhering to policies and procedures relating to the ProCard program and City procurement policies and procedures.

3.1.2 The cardholder is also responsible for attending/taking the required ProCard training, to ensure appropriate ProCard usage.

3.1.3 The cardholder is forbidden to share or loan his or her ProCard, per bank policy and City policy.

3.1.4 All cardholders must avoid the appearance of impropriety in the use of the card. A cardholder who exhibits non-compliance may run the risk of termination.

3.1.5 The cardholder is responsible for signing the Cardholder Agreement and calling the banking institution to activate his or her card. The cardholder is responsible for updating their Cardholder Agreement whenever there is a manager/supervisor/approver change.

3.1.6 The cardholder is required to sign off on all posted transactions via the Works online system (exceptions to the online requirement will be

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reviewed on a case by case basis by the Program Administrator). The cardholder must enter a **description of what was purchased and the business purpose of the purchase**, and must code the appropriate accounting string for each transaction, into the Works system. Cardholders must overwrite the merchant name in the description field as it is picked up from another location within the application when the interface file to the financial system is generated. Failure to overwrite the merchant name in the Works description field will result in the name showing up twice in the financial system's description field.

In addition, per Admin Bulletin 07-11 regarding the Request for Payment/ Reimbursement of Business Expense form and process, if the *Type & Location of Event* and *Event Participants & Business Relationship or Titles* categories are relevant, this info must be included on the applicable Works transaction(s) **description** (See Admin Bulletin 07-11 for more details), the paper form is **not** required.

A cardholder is expected to collect and submit itemized receipts or packing slips for each transaction that was made. The cardholder is responsible for submitting receipts and or packing slips along with the Works "My Payables Allocation" (or equivalent) report to his or her manager/supervisor/approver by the due date, which typically should be around the 12th-14th of each month.

Note, new for FY12: Accounting validations will now also include Object code in addition to Fund Department and Unit. This is being added to minimize the number of interface errors. If you receive a validation "red X" please contact your departmental accountant for assistance.

Any cards that have incomplete funding (missing, Fund, Department, Unit, or Object Code) will be suspended to the start of the next billing cycle, approximate 40 days. **This is your only warning.** Although we strive to be customer friendly and want to encourage the use of the ProCard as an efficient means of procuring goods/services for the City, we cannot continue to allow the high interface journal entry error rate to continue as it detracts from the efficiency of the program so we will be strictly enforcing this policy.

3.1.7 Cardholder must also coordinate returns and credits with vendor and shall not accept cash refunds for items paid with the ProCard.

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3.1.8 In the event of a lost or stolen card, the cardholder must report it **immediately** to the banking institution and contact their departmental Liaison or program administrator within one business day.

3.1.9 Cardholder must report any accidental or inadvertent misuse as well as fraudulent use and misapplication of the ProCard to the department Liaison or program administrator. Work with the departmental Liaison and/or program administrator to promptly resolve any errors.

3.1.10 Cardholder is responsible for promptly investigating any erroneous charges and implementing the dispute resolution process. Note: Disputes are now handled electronically within the Works application. Go to the transaction in question and click the "Dispute" button to initiate the dispute. Notify the departmental ProCard Liaison and Program Administrator whenever a dispute is initiated.

3.1.11 All cardholders are responsible for the safe keeping of the ProCard. Card must be safely secured when not in use.

3.2 **Manager/Supervisor/Approver.** The manager/supervisor is responsible for reviewing and approving cardholder transactions.

3.2.1 The manager/supervisor/approver is responsible for understanding the processes here outlined and adhering to policies and procedures relating to the ProCard program and City procurement policies and procedures.

3.2.2 The manager/supervisor/approver is also responsible for attending/taking the required ProCard training, to ensure appropriate ProCard usage.

3.2.3 The manager/supervisor/approver is responsible for reviewing every transaction, paying attention to indications of split, serial or other questionable transactions and signing off on these transactions within the Works application. **The Manager/Supervisor/Approver is the primary and first line of defense at spotting fraud and misuse.** The review can not simply be looking at the electronic Works descriptions; the actual hard copy receipts must be reviewed. The manager/supervisor/approver is responsible for submitting receipts and or packing slips along with the Works "My Payables Allocation" (or equivalent) report to the departmental ProCard Liaison/Accountant by the due date, which typically should be around the 13th-17th of each month.

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While the official signoff happens within the Works application for most approvers, it is recommended that the approver initial or sign the first page of the report as proof that they reviewed the physical receipts vs. just the electronic information in Works.

3.2.4 Manager/supervisor/approver initiates appropriate actions when any subordinate misuses the ProCard.

3.2.5 Manager/supervisor/approver is responsible for filling out request online pdf application for any employee identified as needing a purchasing card, and will forward it to the departmental Purchasing Card Liaison through the appropriate reporting chain (e.g. Division Leader).

3.2.6 The manager/supervisor/approver must advise departmental HR and departmental Liaisons of any cardholder change in employment status. In the event of employee exit, the manager/supervisor is responsible for recovering ProCard from exiting employee and sending the card to the departmental Liaison or ensuring its destruction.

3.2.7 Managers/supervisors/approvers may not approve, make a recommendation, or take any part in a request, transaction, or any other matter related to a ProCard that the administrator knows, should know, or that a reasonable person would expect to affect the manager/supervisor/approver or a person related to the manager/supervisor/approver by blood or marriage, or living in the same household. The manager/supervisor/approver shall immediately refer in writing a matter subject to this prohibition to the manager's/supervisor's/ approver's immediate superior explaining the reason that the administrator may not handle the matter. The manager's/supervisor's/approver's superior shall reassign the matter.

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3.3 **Departmental ProCard Liaison.** Liaisons review the status of each cardholder in the department. They are the liaisons between Department Cardholders and Purchasing Office Program administrators.

3.3.1 Liaisons must ensure that the job functions have appropriate security level and they assess on a regular basis if job function requires the issuance or termination of a ProCard.

3.3.2 Liaisons are responsible for communicating card applications, card cancellations and reissues, as well as changes to accounting codes relating to the ProCard to Program Administrators. Liaisons should validate the accuracy of the card application, primarily that the Works Group exists (or instructions on how to set up a new group accompany the application) but also email address and employee ID.

3.3.3 Liaisons are responsible for insuring proper training of the department's cardholders. Liaison must be well versed in the policies and procedures of the ProCard program and should be able to answer most questions posed to them about policy and the Works software, coordinate training events with Program Admin staff, and direct cardholders to online training.

3.3.6 Liaisons are responsible for responding to requests for information from ProCard Administrators and are responsible for disseminating information to cardholders and managers, per the request of Program Administrators.

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3.4 **Departmental Accountant**. The departmental accountant is responsible for the billing cycle.

3.4.1 Accountants are responsible for reviewing and assessing the accuracy of ProCard transactions and supporting documents along with verification of proper approvals signatures.

3.4.2 The Accountants are responsible for attending/taking the required ProCard training, to ensure appropriate ProCard usage.

3.4.3 The Accountants are responsible for retaining ProCard records according to the State of Texas record retention schedule. Receipts or copies thereof (especially for thermal paper type of receipts) must be maintained for five years.

3.4.4 Accountants must be well versed in the policies and procedures of the ProCard program and should be able to answer most questions posed to them about policy and the Works software.

3.4.5 Accountants may not approve, make a recommendation, or take any part in a request, transaction, or any other matter related to a ProCard that the accountant knows, should know, or that a reasonable person would expect to affect the accountant or a person related to the accountant by blood or marriage, or living in the same household. The accountant shall immediately refer in writing a matter subject to this prohibition to the accountant's immediate superior explaining the reason that the accountant may not handle the matter. The accountant's superior shall reassign the matter.

3.5 **Departmental Purchase Request Approver.** Approves non travel purchase requests less than $2,500 if departments choose to have cards less than the standard card levels. (this role is completely optional and will only be used by departments with cards funded below the standard card limits)

3.5.1 Review and approve purchases requests in the Works application.

3.5.2 Purchase Request Approvers may not approve, make a recommendation, or take any part in a request, transaction, or any other matter related to a ProCard that the approver knows, should know, or that a reasonable person would expect to affect the approver or a person related to the approver by blood or marriage, or living in the same

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household. The approver shall immediately refer in writing a matter subject to this prohibition to the approver's immediate superior explaining the reason that the approver may not handle the matter. The approver's superior shall reassign the matter.

3.6 **Department Director**.

3.6.1 The Department Director annually designates employees eligible to sign off on credit card applications and annually designates a departmental ProCard Liaison. This designation is done by signing off on the "REQUEST FOR PROCUREMENT CARD ORDERING SIGNITURE LIST" form (Form FASD-PRO-01) supplied by the Central Purchasing Office.

3.7 **Other City Employees**

3.7.1 City employees are forbidden from using another employee's City issued ProCard. Disciplinary action up to and including termination will result if one is found using another employee's Procard.

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3.8 **Purchasing Office Finance Manager**

3.8.1 Sets ProCard Policy consistent with City and Purchasing Policies.

3.8.2 Supervises and provides support and guidance to the ProCard Program Administrator.

3.8.3 Promotes the ProCard program throughout the City to expand its use as the preferred payment method for the City, due to the efficiencies the ProCard program offers

3.8.4 Ensures adequate back-up staff is available and trained for emergencies or employee absences.

3.8.5 Ensures adequate training for ProCard Program Administrator.

3.6.6 Approves departmental requests for Proxy Cardholders and Managers.

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3.9 **Program Administrator (Corporate Electronics Payments Coordinator).** The program administrator is responsible for approving or declining ProCard requests and notifying the Liaison of said decision.

3.9.1 Program Administrator. The administrator is responsible for monitoring and maintaining the integrity of the ProCard program.

3.9.2 The administrator monitors transactions periodically, paying attention to indications of split, serial or other questionable transactions.

3.9.3 The administrator must notify Liaisons in the event of non-compliance and work with Liaisons to resolve any issues.

3.9.4 The Program Administrator expands the credit card program whenever there are efficiencies to be gained as long as internal control is not compromised and Purchasing policy is still maintained.

3.9.5 The Program Administrator ensures that the payment to Bank of America is done accurately and on time.

3.9.6 The administrator is responsible for coordinating changes to cardholder status, new cardholder applications, and issuance of new or replacement cards, and any administrative action necessary between Liaisons and banking institution.

3.9.7 Administrators will publish and distribute program changes to appropriate departmental personnel.

3.9.8 Administrators will conduct departmental spot audits on a continual basis.

3.9.9 The Program Administrator will provide training to Cardholders, Managers and Departmental Liaisons, primarily through the deployment of online training guides.

3.9.10 Administrators are expected to respond to any questions regarding ProCard program, and coordinate the Financial and Administrative Services Department review of the ProCard program.

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3.9.11 Administrators receive and safeguard all credit cards from the bank until released to the cardholder or departmental Liaison.

3.9.12 Administrators contact Departmental Liaisons when new cards arrive.

3.9.13 Before releasing a new card to a cardholder or Departmental Liaison, administrators verify receipt of a signed cardholder agreement.

3.9.14 Administrators file and retain all cardholder agreements. Cardholder agreements must be retained for five years, or until replaced by a new cardholder agreement. The issuance of a new cardholder agreement may result for several reasons: the employee changes departments or managers and needs his or her new manager to sign the cardholder agreement to accept responsibility to review all charges; the card has expired and a new replacement card has been delivered; the card was cancelled due to fraud and is reissued.

3.9.15 Administrators verify to whom the cards are released. Cards may only be released to the cardholder, the Departmental Liaison, or a departmental designee.

3.9.16 The Administrator may not approve, make a recommendation, or take any part in a request, transaction, or any other matter related to a ProCard that the administrator knows, should know, or that a reasonable person would expect to affect the administrator or a person related to the administrator by blood or marriage, or living in the same household. The administrator shall immediately refer in writing a matter subject to this prohibition to the administrator's immediate superior explaining the reason that the administrator may not handle the matter. The administrator's superior shall reassign the matter.

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4 Definitions

4.1 Cardholder: City employee who has been issued a Procard with the purpose of purchasing goods or services for the city.

4.2 Cardholder Agreement: Contract issued by banking institution between the cardholder and the bank. Signed by cardholder, their manager/supervisor, and a departmental employee approved to authorize the card issuance (as per annual form FASD-PRO-01).

4.3 MCC- (Merchant Category Codes): Codes that are assigned to merchants that describe the type of goods or services the merchant sells. The City of Austin Program Administrator blocks certain MCC codes for City issued ProCards.

4.4 Non-Compliance: Failure to comply with program guidelines or the cardholder agreement resulting in oral or written warning or reprimand, cancellation of ProCard, and employment termination.

4.5 ProCard: A credit card issue by a banking institution to city employees upon approval. The credit card is used as a procurement method by city buyers.

4.6 Purchase Request: A software tool used to request additional funds be added to the standard card limits and/or lift certain MCC restrictions from the card.

4.7 Works- ProCard Information System: A web tool used to log all ProCard activities, assign security and responsibility levels to users, and report ProCard usage. This information system is provided by the banking institution as part of the ProCard program.

5 Reference

Documents or forms listed in this section are used as reference material for performing the General Buying Process.

5.1 Documents

Document Name

5.2 Forms

Form Name
FASD-PRO-01 REQUEST FOR PROCUREMENT CARD ORDERING SIGNITURE LIST: Annual designation made by the department director.
FASD-PRO-02, 04: Various Cardholder agreements cardholders must sign to receive a ProCard
FASD-PRO-05, 06: PDF Forms to order a ProCard

5.3 Processes

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6 Policy

6.1 **Cardholder:**

6.1.1 Must be a City of Austin employee

6.1.2 Must have been approved by the department head or a designated representative for receiving a purchasing card

6.1.3 Must have completed the online Connect training courses required for procard use

6.1.4 Has read this policy document, signed a purchasing card agreement, and has been issued a card in his or her name

6.1.5 Is authorized to purchase items for direct support of a City of Austin mission or officially approved and supported functions

6.1.6 Recommended that they have taken the “Buying for the City” class offered by the Purchasing Office, also available online via Connect training courses

6.1.7 Must have a “Successful CBI” (Criminal Background Investigation) under the HRD General Guidelines for employees with Financial Responsibilities

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6.2 **Standard ProCard- Limitations:**

6.2.1 **New for FY2011** Single transaction limit $2,500.00 (corresponds to the single bid limit policy set by the City) Note this is a five fold increase to the $500 limit that has been in place since the 1980's. Departments may still take multiple bids below $2,500 if you deem this to be in the best interest of the City and its taxpayers, but you are not required to do so. **Also, you are encouraged to rotate your vendors for similar item purchases; if you always return to the same vendor you may start to not receive the best price as they feel "they have your business". By rotating vendors you will encourage competition even though only a single bid is required. This will also keep you from making purchases that look serial in nature.**

6.2.2 Spending limit per cardholder per billing period $25,000.00

6.2.3 Certain MCC's (Merchant Category Codes) are blocked as certain types of merchants typically do not fall within the normal course of City business. A few examples of these would be: amusement parks, gambling institutions and tobacco stores. Additionally, while travel is a normal business occurrence, all travel related MCC's are blocked. This is due to needing tighter than normal controls on employee travel. Travel with a ProCard may be allowed, see details below for specifics.

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6.3 **Purchases not allowed on a ProCard**:

- Goods or services for personal benefit or consumption (including working lunches see Admin Bulletin 06-02 for policy on meals) Food for valid business functions must be approved, in writing, by the department director or their designee before the purchase is made. As mentioned in section 3.1.6 above the below information from Admin Bulletin 07-11 must be entered into the Works application description field in lieu of filling out the Business Expense Reimbursement Form. Failure to do so could result in fines to the City by the Internal Revenue Service and the forced reallocation of these charges to the cardholder's taxable income that will be reported on their W-2.

City of Austin
Request for Payment/Reimbursement of Business Expense

Employee _____ Employee ID _____
Last Name, First Name

Vendor Name _____ Vendor Code _____
(if request for direct payment) (employee if reimbursement, vendor if payment)

Date _____ Department Contact _____

Department _____ Phone _____

Explanation of Charges
All original receipts and back-up documentation must be attached.

Date	Type & Location of Event	Event Participants & Business Relationship or Titles	Business Purpose of Expenditure	Amount

- Single items greater than $5,000. These are considered fixed assets and must be recorded into the City of Austin's fixed asset records. See section 6.4.7
- All software purchases utilizing the ProCard are prohibited. All software purchases must be processed through CTM (utilizing a PRF form), in order to ensure license compliance and standardization as well as establish support for the product.

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- All purchases of desk top computers, laptops, iPads, network printers are prohibited. Purchase of the devices must be processed through CTM utilizing a PRF form.
- Internet gambling, alcoholic beverages, tobacco products and other items blocked specifically by MCC. Hint: If you would not like to see your purchase listed in the news media don't buy it.
- Items that are purchased, or which are reasonably available for purchase, as part of an existing master agreement (service or commodity).
- Gift certificates, stored-value cards (i.e. Target, Home Depot, etc) or any other thing that can be converted into cash or value.
- Cash advances, money orders or cash refunds
- Sales taxes added on to any transaction
- Split/serial transactions totaling more then the ProCard established single transaction limit. The $2,500 single transaction limit is placed on the card to match the single bid limit the City has set as a policy. Splitting purchases or making repetitive purchases over a number of days in order to circumvent the single bid rule is strictly prohibited.
- Back-ordered items not available at time of purchase. Goods must be shipped/received before the card is charged.

6.3.1 If a cardholder is in doubt whether or not a particular purchase is appropriate using the Card, ask the buyer, supervisor, the Purchasing Card Liaison, or the Program Administrator. In addition to the restrictions listed above, cardholders are advised to avoid the **appearance** of impropriety in the use of the card. For example, using the City Purchasing Card to pay for meals in luxury restaurants or in establishments known principally for entertainment or serving of alcoholic beverages may raise questions of impropriety in the mind of a casual observer. Use of the card in these circumstances should be avoided unless clearly justifiable.

6.4 **Exceptions-** Exceptions to any of these restrictions can be obtained only from the Program Administrator on a case-by-case basis, and require written justifications.

6.4.1 **Travel-** Travel MCC codes can be lifted on standard cards for a specific trip. A Purchase Request entered into the Works application will be required. Use of a City ProCard is encouraged for travel to eliminate the need of a Travel Advance and subsequent reconciliation of that Travel Advance with a potential additional payment or collection of funds to or

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from the employee. Therefore, the ProCard should be used for every purchase during the travel event, including meals. Travel Advances will not be processed to partially fund a trip. See separate instructions for travel on the Purchasing Office website dedicated to ProCard. In order to comply with IRS regulations, timely filing of travel claims is required.

6.4.2 **Exceeding $2,500-** There are many instances when a cardholder will need to charge an item exceeding their single transaction limit of $2,500. The two main valid reasons are:

a. The item in question is a GAX exception (i.e. exempt from bidding) A list of these GAX exceptions can be found on the below link to the Purchasing Office Website. http://purchweb.ci.austin.tx.us/intranet/purcman1/gax.cfm

b. The employee has obtained three bids but the low bidder does not take purchase orders, they only want to be paid via credit card.

A Purchase Request entered into the Works application will be required to request an increase to a cardholders single transaction limit. The Program Administrator will review and approve or deny all Purchase Requests exceeding $2,500. Purchase Requests can be approved for any amount for GAX exceptions and up to $4,999.99 for biddable items. If a biddable item is $5,000 or greater, the department must enter a requisition in the financial system so that the procurement can be solicited by a Central Purchasing Buyer.

6.4.3 **Rewards and Recognition, Gift Cards-** Gift Cards can be procured for Rewards and Recognition purposes. A copy of the departmental Rewards and Recognition plan must accompany the receipt. If the dollar value of the gift card(s) being procured is over $500 it is still recommended (but not required) that an attempt at bidding is made. Often times a merchant will discount the face value of their gift cards when you buy in bulk.

6.4.4 **Rewards and Recognition, Employee Lunches and other food related events-** Food can be procured for greater than $2,500 with a single bid (pick your restaurant) up to $4,999.99 as long as the per meal price is less than $25. Events totaling $5,000 or more will need to have a requisition done within the financial system so that it can be solicited by a Central Purchasing Office Buyer.

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Examples:
30 employees @ **$30 per person** = $900 allowed under $2,500 single bid limit
140 employees @ **$20 per person** = **$2,800** allowed with single bid under this exception even though greater than the $2,500 single bid limit.
100 employees @ **$27.50 per person** = **$2,750** need three or more bids as over the $2,500 single bid limit and over the $25.00 per person exception to the single bid limit.

All Rewards and Recognition events and purchases must be approved in writing by the departmental Director prior to the purchase. Please see Admin Bulletin 7-07 for policy on Rewards and Recognition events).

6.4.5 **Lifting of other restrictions-** There are certain instances where it is allowable to buy items that are restricted above. Alcohol for Convention Center events is one example where this is allowed. Written approvals from Department Director's, ACM's or the City Manager may be required in these instances.

6.4.6 **Specific Contracts-** There are specific contracts that have been identified for use with standard City of Austin issued ProCards. These contracts are listed on the Purchasing Office Website **Master Agreements allowed with standard cards**. These contracts were chosen due to the nature of the contract. High transaction volume, walk up service (retail outlet), etc.. Purchase Requests will need to be entered for purchases above the cardholders single transaction limit (typically $2,500). Bids are not required for these purchases as the contracts have already been solicited competitively.

6.4.7 **Taggable (Controllable) Assets vs Fixed Assets single items greater than $5,000.** Taggable (or Controllable) assets, are assets that should be tracked even though they fall below the $5,000 threshold to be considered a fixed asset. Taggable assets (computers, audio-visual equipment, two-way radios, copiers, cameras, guns, etc.) have a useful life greater than one year and can be easily converted to cash. A controllable asset could range in price from as little as $200 to $4,999.99. As "Fixed Assets" are

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greater than $5,000 you should not procure them on a ProCard as the buy should go to a Central Buyer via a requisition. The only exception being, buying an item greater than $5,000 off of an existing contract such as MSC or WW Grainger. Follow the below procedure for reporting controllable and authorized fixed assets to the Controllers Office. Do **not** use 9xxx object codes for controllable assets less than $5,000. Do use 9xxx object codes for fixed assets.

Get an asset tag from your departmental fixed asset SPOC (financial manager in many cases) and place the fixed asset tag on the item. Fill out (or more likely at this point have your departmental fixed asset SPOC fill out) the Controllers Office template for fixed assets and email it to your Controllers Office fixed asset liaison. This spreadsheet "Taggable Template" can be found on the Controllers' Office website.

http://afstwomain/web/controller/FixedAssets/fixedAssets.cfm

6.5 **Other Non-Standard Cards-** In addition to the standard $25,000/2,500 ProCards, there are many reasons to issue non-standard cards.

6.5.1 **Contract Cards-** In order to streamline the ordering and payment process, the Purchasing Office will issue credit cards for specific Master Agreements (MA's) (and possibly CT's as well). Please see separate instructions posted on the Purchasing Office Website or contact Mike Benson for details on Contract Cards.

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6.5.2 **Travel Cards-** Travel Cards can be ordered for any employee that will be traveling that does not already have a ProCard. Departments could, in theory, order travel cards for every employee in the department. Travel cards are zero dollar cards (they have zero credit line). The typical MCC restrictions on travel are not placed on these cards. Whenever an employee is set to go on a trip a Purchase Request is made in the Works application to fund the card specifically for that trip. When the trip is concluded the Purchase Request is closed and the card reverts back to zero credit line.

6.5.3 **Special Purpose Cards-** These cards can be customized for a special need. Some examples:
a. A card to pay utility bills (a GAX exception). These bills are well over the $25,000/2,500 limit.
b. A card to pay Austin American Statesman for monthly advertising (a GAX exception). The average monthly bill is $7500.

6.6 **Non-Compliance.** Failure to comply with the program guidelines, or the purchasing cardholder Agreement may result one or more of the following circumstances:

a. Oral or written warning;

b. Cancellation of the card;

c. Oral or written reprimand;

d. Termination of employment.

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6.6.1 See below table for a typical standard response to an infraction. The severity or egregiousness of the infraction can obviously affect the standard response.

Type of Infraction	1st offense	2nd offense	3rd offense	4th offense
CH- Card lent to other COA employees to conduct standard COA business	CH - suspend card 90 days and manager and Liaison alerted.	CH - card is canceled	n/a	n/a
CH- Card lent to other COA employees **Liaison. or Mgr allowing/ instructing employees to lend cards**	CH - suspend card 90 days and manager alerted. Liaison/Mgr - 90-day temp suspension of department's cards and upper management alerted	CH - card is canceled Liaison - department's cards canceled	n/a	n/a
Card given to non COA employees to conduct standard COA business	card is canceled	n/a	n/a	n/a
Perpetrate a fraud or theft. Card given to non COA employees to perpetrate fraud or theft	employment terminated, possible criminal charges	n/a	n/a	n/a
Serial Purchase	written warning; CC Liaison. Is contacted; language on serial purchases	manager contacted; card suspended 30 days/further inquiry per cost and quantity of transactions	card is canceled	n/a

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Egregious Serial Purchase	manager contacted; card suspended 90 days minimum; possible cancellation per cost and quantity amount of transactions	card is canceled	n/a	n/a
Split purchase	written warning; CC Liaison is CC'd; language on split purchases given to employee	manager is contacted; card is put in zero profile for 30 days/PR's must be submitted for every purchase	card is canceled	
Purchasing a capital asset (single item greater than $5,000) without authorization of following procedure described in 6.4.7	written warning; CC Liaison & manager is CC'd	manager is contacted; card is put in zero profile for 30 days/PR's must be submitted for every purchase	card is canceled	
Egregious Split Purchase	manager contacted; card suspended 90 days minimum; possible cancellation per cost and quantity amount of transactions	card is canceled	n/a	n/a
Failure to turn in receipts	oral warning – Liaison is responsible for warning per discovery of missing receipt	written warning	CC Liaison. Contacted; card suspended 30 days	card is canceled

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CH or MGR signing off late - 2 mths in any 6 CC Liaison. Failing to code and close trans. - 2 mths in any 6	CH or MGR - written warning - CC Liaison. Is CC'd Liaison - written warning manager is cc'd	CH - 3rd month - possible 30-day card suspension MGR – possible 30 day suspension of MGR duties and/or possible 30 day suspension of cards in jurisdiction*** Liaison - possible 30-day suspension of department's cards	CH - 4th month - card canceled for 90 days MGR – MRG duties suspended 90 days and/or cards in jurisdiction suspended 90 days Liaison - 4th month - department's cards canceled for 90 days	CH - card is canceled MGR -duties revoked Liaison - department's cards canceled
***If a user is a CH and MGR, each infraction as EITHER will count towards the overall 3-month limit, resulting in personal card suspension AND suspension of cards in jurisdiction ***If CH has more than one card, each card's infractions count towards the overall 3-month limit, resulting in a suspension of all user's cards.				
Liaison. failing to code and close properly - incl. premature sweeping, premature closing of PR's	verbal warning	2nd verbal warning + addl. training	written warning. Manager cc'd - alert Liaison. That further infraction may result in departmental sanction	meet with manager and Liaison. Possible department's cards canceled or temp suspended
Failing to fill in required Business Expense information as required under Admin Bulletin 07-11	verbal warning	written warning	CC Liaison. Contacted; card suspended 30 days	card is canceled
Intentionally using a scoped or contract card to purchase non related items/services	card is canceled	n/a	n/a	n/a

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Failing to code transactions with a complete accounting string by the time the interface occurs to the financial system	Card shut off through the next billing cycle (approximately 40 days)	Card shut off through the next billing cycle (approximately 40 days)	Card shut off through two full billing cycle (approximately 70 days)	card is canceled

The Office of the City Auditor was created by the Austin City Charter as an independent office reporting to City Council to help establish accountability and improve city services. We conduct investigations of allegations of fraud, waste, or abuse by City employees or contractors.

City Auditor
Corrie Stokes

Deputy City Auditor
Jason Hadavi

Chief of Investigations
Brian Molloy

Office of the City Auditor
phone: (512) 974-2805
email: AustinAuditor@austintexas.gov
website: http://www.austintexas.gov/auditor

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Copies of our investigative reports are available at
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