



AGENDA REPORT SUMMARY

Meeting Date: April 16, 2019

Subject: Request Direction to Establish a District credit card

Prepared by: Cori Vargas, Los Altos Hills County Fire District Financial Consultant

Initiated by: General Manager and Financial Consultant

Policy Question(s) for Fire Commission Consideration:

- Will the Fire Commission, based on the information presented, give direction to initiate procurement of a District credit card?

Background

At the October 18, 2016 Board Meeting (Agenda Item 11c. UCC/ESC Sub-Committee Report), the Commissioners discussed obtaining a District credit card for use by the Emergency Services Coordinator (ESC) to purchase CERT and emergency service supplies. The LAHCFD is a component of the County of Santa Clara, so all expense disbursements are issued directly from the County. The multi-part process involved in issuing payments (which includes the Financial Consultant creating a payment request, the General Manager reviewing and approving the request, and the County Controller-Treasurer Department reviewing and issuing the payment) is often time-consuming and leads to the payee often having to wait up to two weeks to be paid. This is not a problem for many of our vendors with Net 30 Payment Terms, however for individuals who are being reimbursed for CERT expenses or Emergency Service supplies, the delay can be cumbersome. Since the Petty Cash Fund is reserved for office and daily operational expenses, it was discussed that having a credit card could be a more efficient process for the ESC to make essential purchases without having to wait for reimbursement.

In November 2016, the Financial Consultant talked with the County General Accounting Unit about obtaining a District credit card tied to its bank account with Wells Fargo, however, at the time the District did not satisfy Wells Fargo's due diligence requirements since it did not have its own Federal ID number or a key individual/employee to act as an authorized representative. As of October 1, 2018, with the hiring of a General Manager, these missing requirements have been met.

Discussion/Analysis

If the Board of Commissioner so directs, consultant staff and the General Manager will develop a Credit Card Policy for the authorized use and payment of the District Credit Card. A resolution will accompany the Credit Card Policy, and these documents and the agenda item will return to the Commission at a subsequent meeting for discussion and action.

Options

1) Authorize the General Manager and Financial Consultant to take necessary steps in obtaining a District credit card, and to develop rules, regulations, policies and procedures for its use; report back to the Commission and request approval at a subsequent meeting.

Advantages: Allows for timely reimbursement of CERT and emergency service supplies and other necessary purchases to conduct District business. Can be used for recurring payments (such as Windows 360 subscription) that are currently being paid by (and reimbursed to) Commissioners.

Disadvantages: None identified.

2) Do not obtain a credit card and continue with current reimbursement process.

Advantages: None identified

Disadvantages: Delay in receiving reimbursements. District lacks control over issuing reimbursement payments.

Recommendation

Authorize the General Manager and Financial Consultant to take necessary steps in obtaining a District credit card, and to develop rules, regulations, policies and procedures for its use; report back to the Commission and request approval at a subsequent meeting.