

RESOLUTION NUMBER 2011-2

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF WESTON LAKES, TEXAS, ESTABLISHING PROPERTY ACCOUNTABILITY PROCEDURES

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WHEREAS, The City of Weston Lakes has continued to procure office and emergency management property to facilitate the responsibilities of the City,

WHEREAS, The City of Weston Lakes is required to establish procurement procedures and to maintain accountability of all equipment purchased with public funds to meet audit and fiscal responsibilities,

WHEREAS, because the City of Weston Lakes, Texas (the "City"), does not currently have a written policy related to the procurement or accountability of property that has been obtained on behalf of the City,

WHEREAS, failure to maintain the both a policy and approved process for procure and accountability will impact the City's standing and ability to fulfill the State mandated audit standards; and therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF WESTON LAKES, TEXAS:

That the attached property accountability and procurement policy be adopted as the City of Weston Lakes procedures for property acquisition and accountability.

PASSED AND APPROVED by a vote of 5 "ayes" in favor and 0 "nays" against on this first and final reading on the 24th day of May 2011.

ATTEST:

APPROVED:



Shannon Purcell
City Secretary



Mary Rose Zdunkewicz
Mayor

Attachment: City of Weston Lakes Property Procurement and Accountability



Incorporated May 2008

City of Weston Lakes
PO Box 1082
Fulshear, Texas 77441

City of Weston Lakes Property Procurement and Accountability Policy

1. **Policy:** The following represents the City of Weston Lake's property procurement and accountability policy.
 - a. **Property Procurement:** It is the policy of the City that purchased property that falls into the category of non expendable, as defined below, will be acquired in a competitive process within designated dollar limits described below in paragraph 2(d). Consumable and non expendable property can be procured without a defined competitive process; however price comparisons are encouraged and desired before commitment.
 - b. **Property Accountability.** It is the policy of the City that all purchased property will be accounted for as consumable, expendable and non expendable. All personnel who use and retain City property are charged with its protection and maintenance while in their possession. Individuals are considered pecuniary liable for the non expendable property in their possession. Consumable property is defined as that which in its normal use is consumed. Examples of consumable property are paper, ink, office supplies, and fuel. Expendable property is that property whose value does not exceed \$100.00. Non expendable property is that property that has a value greater than \$100.00.
2. **Procurement:**
 - a. **Procurement of Services:** The procurement of personal, professional, or planning services does not necessarily require a competitive process; however, it should be the normal practice that three bids are obtained from the provision of services to the City. Such services include engineering, insurance, legal, financial, auditing, and other consulting services. That such service may not require the normal three solicitations or bids, the award of such service contracts require the approval of the City Council.
 - b. **Procurement of Consumable Property:** The procurement of consumable property (that is, property that is consumed when used in its intended purpose) will be procured using the rules as indicated below. Consumable property includes the recurring ordering of office supplies, paper, fuel, printer supplies, postage, emergency management supplies, and medical supplies, and will be expensed when purchased.
 - 1) These supplies will be procured without requiring a competitive bid process.
 - 2) Prudence dictates that the individual will procure after a survey of the available sources and make a fiscally responsible decision as to the source selected.
 - 3) Pre selection of consumer sources though the establishment of an account (such as Sam's Club, Office Depot, Office Max, and Quill is authorized and encouraged.)
 - 4) Use of petty cash and the City Credit Card is the preferred method of payment for these consumables.
 - 5) Fuel, when and if authorized as a consumable should be procured using petty cash or the City Credit Card.
 - c. **Procurement of Expendable Property:** The procurement of expendable property (that is, an item that does not exceed \$100 in cost will be procured using the following rules. Any unbudgeted expendable property in excess of \$xxx.xx shall require council approval in advance. Expendable property will be expensed up to and including \$500.00 when purchased . Any property in excess of \$500.00 will be capitalized in accordance with the City's Fixed Asset Capitalization procedures

d. **Procurement of Non Expendable Property:**

- 1) **Procurement below \$5,000:** The procurement of property and equipment that does not exceed the \$5,000 amount will be procured using the following rules. In the procurement of non expendable property under \$5,000 a simple survey of vendors and suppliers will be conducted to arrive at a cost effective selection of the vendor. The process is intended to be informal and to simplify procurement through the internet, or from consumer type commercial outlet, such as SAM'S, Wal-Mart, Office Depot, Office Max, Best Buy, Fry's, or other outlets that lists the desired item in an ad or in the store. The intent is to obtain the item at the lowest price offered; however, other considerations may be taken into consideration in the selection. The payment may be by check or City credit card. Reimbursement of a personal credit card or receipt is allowed if approved by the Mayor. Additionally, the purchase must be supported by a City Purchase Order signed and approved by the Mayor.
- 2) **Procurement below \$50,000:** The procurement of equipment and equipment that does not exceed the \$50,000 amount will be procured using the following rules. The rules for the procurement of items below the \$50,000 threshold will follow Chapter 252 of the Texas Local Code with the exception that formal publication and notice will not be required. Vendors will be directly solicited and will be requested to submit a Proposal based upon a City prepared Request for Proposal. A minimum of three bidders are required, and additional vendors/bidders will be solicited until there are at least three vendors/bidders. The City will allow site surveys and technical discussions with the potential vendors/bidders to allow the potential vendors/bidders to fully understand the requirements of the procurement and to ensure all vendors/bidders submit proposals that are responsive to the requirements and comparable to other potential bids. The proposal will establish a deadline for the bids to be submitted and a formal opening will be announced by an agenda item on the City Council Agenda as well as direct communication to the vendors/bidders. The bids once opened will be provided to a Council appointed Source Selection Committee to analyze and assess the bids based upon the proposal requirements and selection criteria. The Committee will make a recommendation to the City Council for the award of the contract. In the case of an inability to make a recommendation because the bids were insufficient in detail an amended Request for Proposal will be prepared and rereleased to the vendors/bidders requesting them to refine their proposal to satisfy the demand for corrective action or more information. Contracts generally be awarded to the lowest cost bidder; however, or to the bidder who offers the best value for the City. Vendors that have been pre approved by the Houston Galveston Area Council through an annual bid process with that agency do not require a bid process and procurement can proceed without a competitive bid process.
- 3) **Procurement above \$50,000:** The procurement of equipment that exceeds the \$50,000 amount will be procured using the following rules. The rules for the procurement of items in excess of \$50,000 are dictated by the Chapter 252, Texas Local Government Code and codify and formalize the procurement process. The City of Weston Lakes will use the competitive sealed bidding process for this level of procurement. This process differs from the selected process for procurement for under \$50,000, in that, this process requires that notice of the request for proposals must be published at least once a week for two consecutive weeks in the City's official newspaper as well as a posting on the City's web site and bulletin board with the first publication 2 weeks prior to the submission deadline. Additionally, the announcement of the opening of the sealed bids also has to be published again at least once a week for two consecutive weeks in the City's newspaper as well as a posting on the City's web site and bulletin board with the first publication 14 days prior to the reading. Contracts generally be awarded to the lowest cost bidder; however, or to the bidder who offers the best value for the

City. Exceptions to the sealed bidding process require the City Council approval and a legal review by the City Attorney.

- 4) Non expendable property will be expensed up to and including \$500.00 when purchased.
- 5) **Sole Source Procurement:** In the event that the procurement can only be accomplished by one source then a competitive process may be avoided if the procurement falls under Chapter 252.022 of the Texas Local Government Code, titled General Exemptions.

- e. **City Purchase Orders:** City Purchase Orders will be used for all non expendable items and be accountable in a subsidiary ledger (i.e. Quickbooks). Multiple expendable items that any single purchase exceeds \$500 will also require a City Purchase Order approved by the Mayor. These also will be accounted for in a subsidiary ledger (i.e. Quickbooks). Purchase Orders may be used for consumables; however for simplicity of accounting are not required.

3. **Property Accountability:**

- a. **Consumable Property:** There is no unique accounting procedure required for consumables. Internal controls will be exercised by the Mayor overseeing the office supply availability and office supply usage to ensure proper conservation, prudence, and use is consistent with sole use for City business and fiscal responsibility.
- b. **Expendable Property:** Expendable property will be distributed to individuals with functional responsibility related to the property. It will be listed but not hand receipted to those individual. The equipment although not consumable does require tracking and annual inventory to ensure proper disposal and replacement.
- c. **Non Expendable Property:** All non expendable property will be accounted for by hand receipt and through the subsidiary ledger (i.e. Quickbooks) property file. The equipment will be in the possession and be the responsibility of an individual at all times. It will be inventoried and responsibility revalidated on an annual basis. Individuals with the responsibility for the equipment and property will have pecuniary liability in the circumstance that the property is lost, stolen or damaged through gross negligence.
- d. **Accounting Procedures:** The following accounting procedures are to be implemented. The purposes of the procedures are to insure the protection of City equipment from fraud, waste, and abuse. It also places personnel closest to the use of the property responsible for the property and ensures the availability of the property when needed. Additionally, the equipment is tracked as a property asset and proper fiscal accountability is accomplished. The financial aspects of property accountability are subject to audit.
 - 1) **Receipt of Property:** Property is normally received by the City Secretary as the property is delivered to the City. In some cases other individuals may receive property directly or go to pick up the property. In all cases, the property received will be inventoried, and reported to the City Secretary so the proper accountability, insertion into proper accounting entries, and hand receipts may be prepared. The primary and initial point of property accountability starts with the City Secretary.
 - 2) **Financial Statement:** Upon processing after receipt of the property the appropriate entry will be made into the City's financial records to establish the receipt, cost, date of receipt, assignment of the property to the user, and the financial accountability of the property as an additional asset or expense of the City. At the same time the property will be posted to a fixed assets subsidiary ledger and tagged with a identifying number. Tagging will be used to:
 - a) provide an accurate method of identifying individual assets,
 - b) aid in the taking of physical inventory, and
 - c) control the location of all physical assets.

- 3) **Hand Receipts:** All mobile property will be supported by a hand receipt. (Form attached as Enclosure 2, to this policy). Installed property will not require Hand Receipts; however, will be assigned to a particular user to oversee and or operate. Hand receipts will describe the property, the serial number, the quantity, the cost, the location, the source of funding for the purchase, the date procured, and be signed and dated by the individual in whose possession the property resides.
 - 4) **Annual Renewal and Annual Inventory:** All Hand Receipts will be renewed annually. In addition an annual physical inventory of all assets will be conducted concurrent with the renewal of Hand Receipts.
 - 5) **Record Keeping:** The City Secretary will maintain copies of all Hand Receipts. Purchase orders will be maintained in financial records of the City. Original Invoices showing purchase price and date of procurement will be maintained.
 - 6) **Depreciation:** The City will record depreciation on an annual basis on all fixed assets as a means of properly reflecting the current value of the asset. Computers, machinery and equipment will have a 3 year estimated useful life and furniture, fixtures and equipment will have a 7 year estimate life.
- e. **Individual Responsibility (pecuniary responsibility):** Each individual that has accepted responsibility for non expendable equipment through signing a hand receipt incurs the pecuniary responsibility for that equipment. That is equipment that is lost, or damaged through gross neglect or negligence is financially responsible for replacing that item after depreciation is taken. If lost through theft the individual must show that reasonable precautions had been taken to protect the equipment. The final arbiter for these matters is the Mayor.
 - f. **Storage and Maintenance:** Individuals who have hand receipted property also have assumed the requirement for the proper storage and maintenance of the property. The cost of maintenance may be reimbursed upon approval of the maintenance required.
 - g. **Accessibility:** An individual who holds property on a hand receipt must have a process established to transfer that property upon relief of duty or unavailability during a demand for the use of the equipment or property to another person, the City Secretary, or the Emergency Management Coordinator if the property is associated with Emergency Management.
4. **Accountable Property Assets:** Attached as an Enclosure 1, is the current listing of the Property owned by City of Weston Lakes
 5. **Policy Approval:** This policy has been approved by City Council Resolution number 2-11 on May 24, 2011.

Shannon Purcell
City Secretary