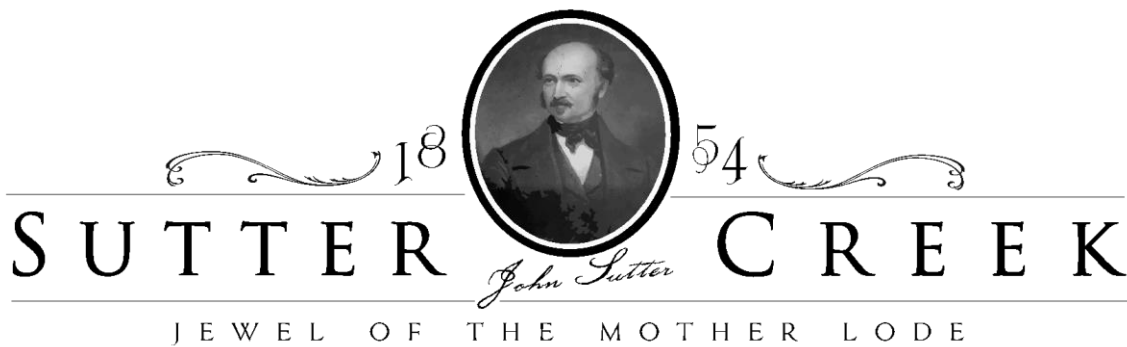




STAFF REPORT

TO: MAYOR AND MEMBERS OF THE CITY COUNCIL
MEETING DATE: OCTOBER 5, 2026
FROM: MASON PETERS, FINANCE SUPERVISOR
SUBJECT: PURCHASE CARD/CREDIT CARD POLICY

RECOMMENDATION:

Review and adopt the proposed Purchasing Card/Credit Card policy for city staff.

BACKGROUND:

The City has allowed the City Manager and Department Heads to possess credit cards/purchasing cards for purchases that either require use of a credit card, are small and necessary for daily operations, or for emergency situations that time does not permit the standard process of invoicing and paying through the Accounts Payable process. The City has typically had these cards issued through our banking institution for ease of account management and the established relationship we already have with them.

The city also uses specialized purchase cards with the police department for fuel and with public works for Lowe's. The Lowe's card is used because it provides more detailed reconciliation statements than a standard credit card.

DISCUSSION:

Through the course of the Fiscal Year 2024-2025 audit, LSL identified weaknesses in our credit card processes (Purchases were for valid city purposes, but receipts were missing) that will likely be deemed as a significant deficiency in internal controls. Part of the solution to the lack of internal controls is establishing a Credit Card/Purchasing Card Policy that outlines what rules and guidelines need to be followed by city staff who possess a credit card.

In an effort to minimize any shortcomings of internal controls as quickly as possible, I am bringing this draft Purchasing Card Policy to you for review and adoption. Formalizing the proper acquisition, use, reconciliation, and payment of these credit cards protects the City and in the case of any violations of the policy or misuse of the cards, we have these formalized guidelines that we can use as support for any warnings or disciplinary actions.

It should be made clear that during the course of the audit, there were no misuses of the credit cards by staff, but there are concerns about single transaction limits and receipt retention for proof of purchases. This proposed policy clarifies those expectations among everything else required to have a robust credit card policy.

FISCAL IMPACT:

No immediate fiscal impact. However, adopting this policy will increase internal fiscal controls and reduce any risks of credit card abuse.