

	PALACIOS POLICE DEPARTMENT	
	Policy 1.3 Fiscal Management	
	Effective Date: 01/04/2021	Replaces: 02/07/2006
	Approved: <i>Milton Rivera</i> <u>Milton Rivera, Chief of Police</u>	
Reference: TBP 1.02, 1.03 and 1.10		

I. POLICY

It is the policy of the Palacios Police Department to maintain the highest level of fiscal responsibility. The Chief of Police is responsible for the development and submission of the departmental budget as well as the financial management of the department. It will be the policy of the department to maintain accurate and detailed records of all monetary transactions in order to remain above reproach.

II. PURPOSE

The purpose of this policy is to establish procedures for employees making routine and emergency expenditures for goods or services necessary for the efficient operation of the department.

III. STATEMENT OF SPECIFIC RESPONSIBILITY

The Chief of Police, as a department head of the City of Palacios, Texas, has the authority and responsibility for the fiscal management of the department. (TBP: 1.02)

IV. DEFINITIONS

- A. Routine Expenditure: Purchases that are budgeted and/or planned for and handled through the city purchasing department.
- B. Emergency Expenditure: A use of city funds necessary to accomplish vital goals of the department that by their nature cannot be postponed until regular business hours. These expenditures might be for goods or services. Emergency expenditures are always more than fifty (\$50) dollars and are approved by the Chief of Police.
- C. Petty Cash Expenditure: The Department does not maintain a Petty Cash Account; all expenditures are done by city purchasing
- D. Purchase Order (P.O.): An authorization from the city purchasing office for payment to a vendor for goods or services.

- E. Purchase Order Number (P.O. #): The number assigned by the city purchasing office for a specific expenditure. Vendors consider a P.O. # the same as cash, and it must be indicated plainly on all invoices.
- F. Vendor: Any authorized retailer, wholesaler, manufacturer, or other supplier of goods or services to the City of Palacios.
- G. Tax Exemption Certificate: A document provided to vendors by the city purchasing office that indicates that purchases made for city use are exempt from state sales tax.
- H. Requisition: The form used to request goods or services.
- I. City Purchasing Office: The authority in the City of with the responsibility of exercising fiscal control over all expenditures made by city employees.
- J. Payment Authorization Form: The document used in lieu of a purchase order for the following items: (a) freight bills, (b) travel expenses, (c) authorized organization dues, (d) equipment rentals exceeding two months, (e) advertising, (f) purchases from vendors who do not accept purchase orders and require check or cash.

V. RESPONSIBILITIES

- A. The Chief of Police has the ultimate authority, responsibility, and accountability for the fiscal management of the department.
- B. The Chief of Police prepares the departmental budget with input from supervisors and officers of the department.
- C. Supervisors are responsible for providing budget requests that contain any necessary documentation for their areas during the budget preparation process.
- D. The Chief of Police is also responsible for at least a monthly review of the budget to include the amount budgeted, the amount spent year-to-date by category, and the amount remaining. Any projected budget shortfall shall be discussed with the city manager as soon as it is discovered.

VI. GENERAL PROCEDURES

The city purchasing office is responsible for monitoring the suitability of vendors, and the police department will not purchase goods or services from any vendor currently under suspension by the city.

VII. COLLECTION AND DISBURSEMENT OF CASH (TBP: 1.03)

- A. All cash funds, financial transactions, or accounts from which department employees are permitted to receive, maintain, or disburse cash (such as petty cash, purchase of reports, licenses, etc.) will include:

1. A balance sheet or some other system listing initial balance, credits, debits, and balance on hand.
 2. A listing of cash received and from whom it was received.
 3. Records, receipts, documentation, and invoices showing expenditures.
- B. All cash funds will be kept under lock and key. Only authorized personnel will have access to the funds and the log or balance sheet.
- C. No employee shall accept or disburse cash without prior written authorization of the Chief of Police.
- D. A bi-annual audit will be conducted on each cash account by a person other than the custodian of the account. A different person should conduct the audit each time.

VIII. EMERGENCY EXPENDITURES

NOTE: Emergency expenditures over \$3,000 require purchasing department approval.

- A. Any police employee needing to make an emergency expenditure will submit a memorandum through the chain of command that provides the following details:
1. What the expenditure is for.
 2. Why the expenditure constitutes an emergency.
 3. The cost of the expenditure.
 4. Names of three possible vendors if the expenditure is for more than \$50.
- B. The Chief of Police or designee is responsible for:
1. Deciding whether the expenditure is an emergency.
 2. Causing the memorandum to be marked "approved" or "disapproved" and initialed.
 - a. If the request is approved, the Chief or designee will cause the bidding of the goods or services requested to be made, awarding the bid to the lowest bidder conforming to specifications and delivery requirements.
 - b. If the request is disapproved, the Chief or designee will notify the requesting person to proceed with a routine requisition discussed later in this policy.
- C. It is the responsibility of the employee receiving authorization for an emergency expenditure to:
1. Make arrangements with the approved vendor to provide the goods or services.
 2. If the vendor asks for a tax exemption certificate, advise them that you will request the police department's fiscal office to forward a tax-exempt certificate to them on the next business day.

- D. It is the responsibility of the Chief of Police or designee to:
1. Provide to the purchasing department an itemized list of the goods or services obtained, including the total cost.
 2. Obtain a purchase order number and cause it to be added to the report to the purchasing department.
 3. Forward a copy of the report, along with all invoices or receiving slips, including the P.O.#, to the purchasing department.
- E. It is the responsibility of the Chief of Police or designee to prepare a requisition, attaching all invoices or receiving slips, and forward it to the city purchasing office and arrange for out-of-pocket cash reimbursements, where applicable, using a payment authorization form with the receipts attached.

IX. ROUTINE EXPENDITURES

- A. It is the responsibility of any police employee needing to make a routine purchase of goods or services to:
1. Obtain approval of a supervisor.
 2. Create an informal memorandum that provides the reason and the type of service or goods to be purchased.
 3. Hand carry the request to the Chief or designee.
 4. Contingent on approval, receive a purchase order number from the Chief or designee.
 5. Arrange for the delivery of goods or services by the vendor.
 6. Return all invoices and/or receiving slips to the fiscal manager on the next business day following the receipt of goods or services.
- B. Prior to approving the request, it is the responsibility of the Chief or designee to secure adequate documentation for the purchase, and ensure that budgeted funds are available.
- C. Purchases of items costing more than \$3,000 are made after a requisition for material has been approved by the city purchasing office and a purchase order number has been issued in accordance with this policy.
1. The requisition form will be used prior to the purchase except in emergencies.
 2. At least three bids must be taken and documented.
 3. When practical, the city purchasing office will handle the buying of items needed by the department.
- D. Purchases costing \$3,000 to \$24,999.99 will be purchased on a competitive bid basis. A bid will be awarded to the lowest responsible bidder conforming to specifications and delivery requirements after review by the purchasing office and the issuance of a requisition.

- E. All purchases of \$25,000 or more will be on a competitive, sealed-bid basis, received by the city and referred to the city council for a decision. Requisitions of or above this amount will be forwarded to the purchasing division at least 21 days prior to the anticipated need of the material. In cases involving automotive equipment, thirty (30) days advance notice is required.
- F. It is the responsibility of the Chief who authorizes a routine purchase of equipment and later needs to cancel the order to:
 - 1. Immediately notify the fiscal manager of the desire to cancel.
 - 2. Route a formal memorandum to the city purchasing office.
- G. The Chief of Police must approve all routine repair and maintenance expenditures prior to receipt of the services.

X. PROPERTY LOSS AS A RESULT OF POLICE DUTIES

Note: In no circumstances shall reimbursement exceed \$200.00 for expensive personal items, such as jewelry, dress watches, fashion clothing, and accessories. Otherwise, the criteria for reimbursement will be evaluated based on the criteria below.

- A. It is the responsibility of an employee experiencing a loss of personal property in the line of duty to submit a memorandum that lists the following details:
 - 1. The circumstances of the incident.
 - 2. Whether the loss affecting the employee was a result of damaged, lost, or destroyed property.
 - 3. The value of the property with proper documentation including receipts, age, and condition of the item(s) at the time of the loss, and any other information the employee thinks is relevant. The documentation must be such that a reasonable person could establish fair market value.
- B. It is the responsibility of the chain of command to make a recommendation for or against reimbursing the employee experiencing the loss and to
 - 1. Recommend a dollar amount for replacement based on:
 - a. Fair market value of the item(s) or equipment.
 - b. Cost replacement for the item(s) or equipment that provides the same purpose.
 - 2. The Chief of Police will make the final determination.
- C. Reimbursement will be made only for items that are normally utilized in the course of police duties, such as:
 - 1. Wristwatches, clothing, footwear, weapons, and any other equipment not supplied by the department.
 - 2. Reimbursement will not be made for items that are not normally utilized in the course of police duties, such as ornamental jewelry, hats, and expensive

watches, clothing, or footwear. Valuable items of this sort are worn at the employee's own risk.

- D. All employees are expected to maintain care and control of city equipment. Claims for personal items lost, stolen, or damaged will be reviewed as to the circumstances surrounding the loss, including whether or not the employee made every reasonable effort to prevent the loss.

XI. AUDITING / ACCOUNTING

- A. An independent audit of department fiscal affairs is conducted at least annually in connection with the annual city financial audit. The Chief of Police may order an internal audit any time it is deemed necessary to assure accountability.
- B. The Chief of Police will cause an inspection of the petty-cash account transactions on a random or required basis. The inspection will include a review of the formal and informal procedures of each area of fiscal management.
- C. The departments accounting system will include a monthly status report that will be accomplished by the custodian of each account showing:
 - 1. Initial appropriation for each account.
 - 2. Balance at the commencement of the monthly period.
 - 3. Expenditures and encumbrances made during the period.
 - 4. Unencumbered balance at the end of each period.

XII. ACCOUNTABILITY OF DEPARTMENTAL CAPITAL EQUIPMENT (TBP: 1.10)

- A. All agency property is inventoried when received. The Patrol Sergeant will be responsible for issuing agency-owned property to authorized users. This includes recovering said property if required when the employee leaves the department.
- B. Departmental capital assets are marked with a property tag if the cost of the item is over \$5000.00, or if their use and life span is in excess of three years. All department firearms, TASERS, in-car computers, desktop computers, and vehicles (whether bought with city funds or acquired through forfeiture actions) are considered capital assets.
- C. The department will conduct a capital-assets inventory every year and when there is a change in command personnel over a unit or over the entire department. The results of the inventory will be forward to the Chief of Police for review.