

# LAFCO

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**Santa Barbara Local Agency Formation Commission**  
105 East Anapamu Street ♦ Santa Barbara CA 93101  
805/568-3391 ♦ FAX 805/568-2249  
www.sblafco.org ♦ lafco@sblafco.org

April 1, 2021 (Agenda)

Local Agency Formation Commission 105  
East Anapamu Street  
Santa Barbara CA 93101

## **Consider Additions to the Commissioner Handbook – Reimbursement Expenses and LAFCO Credit Card Policies**

Dear Members of the Commission

### RECOMMENDATION

- 1) It is recommended that the Commission consider amendments to Commissioner Handbook as follows:
  - a) Section 9(G) – Reimbursement of Staff and Legal Counsel Expenses;
  - b) Section (J) – LAFCO Credit Card – adds credit card use policies, and provide direction to staff to return at a future meeting with any changes and/or additions.
  - c) Find that the proposed actions are not a "project" under California Environmental Quality Act Guidelines §15378(b)(5) in that they are organizational or administrative activities of the government that will not result in direct or indirect physical changes to the environment.

### DISCUSSION

Commissioner Handbook under LAFCO Budget and Financial Procedures (J) LAFCO Credit Card states:

*“The Executive Officer is authorized to secure a credit card in the name of the Commission for the purchase of travel and expenses for Commissioners and staff. All unauthorized charges placed on the card must be reimbursed within 15 calendar days of the date the credit card statement is received.”*

The use of a company credit card would assist staff in purchasing travel and expenses for Commissioners and staff and or equipment and supplies related to LAFCO functions. An

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**Commissioners:** Roger Aceves ♦ Cynthia Allen ♦ Jay Freeman ♦ Craig Geyer ♦ Joan Hartmann ♦ Steve Lavagnino  
Holly Sierra ♦ Shane Stark ♦ Etta Waterfield, Chair ♦ Roger Welt, Vice-Chair ♦ Das Williams **Executive Officer:** Mike Prater

application to apply for a credit card would require that credit card use policies be in place and that standard practice of procedures for using credit cards be included in the program. These policies are included as **Attachment A**.

Attachments

Attachment A - Commission Handbook – Section 9 - Budget and Financial Procedures Revisions

Please contact the LAFCO office if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "M. Prater", with a horizontal line extending to the right.

Mike Prater  
Executive Officer

## LAFCO BUDGET AND FINANCIAL PROCEDURES

### A. Authority to Develop and Adopt the Budget

The Cortese/Knox/Hertzberg Act creates the funding relationship between the County, cities, special districts and LAFCO. Pertinent sections of the Government Code are appended as Exhibit A to this section of the Commissioner Handbook:

### B. LAFCO as a Separate Fund

For administrative purposes the LAFCO budget is a separate fund within the County's financial accounting system. Unspent appropriations are retained in the fund as available financing for the following year.

### C. Processing Fee Schedule

The Act permits LAFCO to levy processing fees to cover the cost of verifying petitions, processing boundary change requests, amending spheres of influence and so forth.

The fee schedule is reviewed in conjunction with adoption of the annual budget.

### D. Financial Status Reports

The budget adopted by LAFCO is an estimate of expenditures and revenues. The staff keeps the Commission informed of aspects of the financial program that deserve review and adjustment through periodic financial status reports.

### E. Per Diem Stipends for Commission members

Members and alternative members are eligible to receive a stipend of \$150 for attendance at the following meetings:

1. Regular and special meetings of the Commission.
2. Meetings of standing committees and ad hoc committees of the Commission when appointed by the Commission or the Chair of the Commission.
3. Meetings of governmental agencies and committees when appointed to such entities by the Commission or the Chair of the Commission.
4. Meetings of the Board of Directors of the California Association of LAFCOs when the Commissioner is a member of the Board of Directors having been nominated to that position by the Commission.

Payment of stipends is limited to no more than five (5) per member in any month.

F. Reimbursement of Commissioner Expenses

Commission members and alternates may claim reimbursement for reasonable and necessary expenses incurred in performing the duties of their office. This includes:

1. Attending the annual CALAFCO Conference and CALAFCO University classes.
2. Attending CALAFCO committee meetings such as the Legislative Committee or Conference Planning Committee if they are a member of the committee.
3. Attending the annual UCLA Extension Land Use Law and Planning Conference.
4. Attending other LAFCO-related conferences, meeting and events with preapproval by the Commission or the Chair of the Commission.
5. Commission members and alternates shall be reimbursed for expenses in the same manner as staff. The Executive Officer is responsible for reviewing and approving each request for Commission reimbursement. Disputed reimbursements may be appealed to the Commission.

The Commission will not generally reimburse Commissioners for workshops or training that is directed or oriented primarily for LAFCO staff and only with prior approval.

G. Reimbursement of Staff and Legal Counsel Expenses

1. The ~~Executive Officer~~LAFCO Staff and Legal Counsel shall be reimbursed for all reasonable and necessary expenses in connection with the conduct of LAFCO business including but not limited to office expenses, training, travel, lodging, meals, gratuities and other related costs.
2. The Executive Officer is responsible for reviewing and approving requests for Legal Counsel reimbursement.
3. The Chair, Vice Chair, or other Commissioners authorized to sign claim forms with the County Auditor Controller are responsible for reviewing and approving requests for Executive Officer reimbursement.

H. Reimbursement Policies

1. Expense reimbursement requests should be submitted monthly, although flexibility is permitted if the claimable amount is not deemed to be significant.
2. Claims for reimbursement of costs related to LAFCO meetings, conferences and seminars should be submitted not later than 60 days following completion of the event for which reimbursement is being claimed.

3. Expense claims for costs incurred in one fiscal year should be, whenever practical, submitted for reimbursement during the same fiscal year.
4. Reimbursement for Private Automobiles
  - a. Use of private automobiles to conduct LAFCO business shall be reimbursed at the IRS allowable rate.
  - b. This rate shall be considered full and complete payment for actual expenses for use of private automobiles, including insurance, maintenance and all other automobile-related costs.
  - c. LAFCO does not provide insurance for private automobiles used for LAFCO business. The owner is responsible for personal liability and property damage insurance when vehicles are used on LAFCO business.
5. Receipts or vouchers which verify the claimed expenses are required for reimbursement of all items of expense except private automobile mileage and taxis or streetcars, buses, bridge and road tolls and parking fees
6. Reimbursement of expenses is not allowed for personal items such as, but not limited to, entertainment, clothing, laundering, etc.
7. The general rule for selecting a mode of transportation for reimbursement is that method which represents the lowest reasonable expense to LAFCO and the individual Commissioner or staff member.

I Recognition by the Commission

Nominal amounts may be expended for the purchase of plaques or certificates of appreciation for those to whom such expressions are deemed to be appropriate by the Commission.

J. LAFCO Credit Card

The Executive Officer is authorized to secure a credit card in the name of the Commission for the purchase of travel and expenses for Commissioners and staff. ~~All unauthorized charges placed on the card must be reimbursed within 15 calendar days of the date the credit card statement is received.~~ The following conditions must be met when using the Credit Card:

**LAFCO Credit Card Policy**

1. Each single purchase may consist of multiple items, but the total cannot exceed the single purchase dollar limit on the Credit Card. Use of the Credit Card shall be reflected in the quarterly disbursement reports to the Commission.
2. The Credit Card must not be used for purchases when the Cardholder has a personal interest, or knowledge, regarding any vendor which would create a conflict of interest. An example is buying from a relative or close friend.

3. Intentional use of the Card for other than official LAFCO purposes is not allowed and such use will result in immediate cancellation of your Credit Card, possible referral to the District Attorney, disciplinary action as authorized by applicable LAFCO procedures, and personal liability to LAFCO for the amount of the purchase.

### **Use Policies** **Authorized Uses**

1. The Credit Card may be used to pay for authorized purchase transactions, up to \$5,000, and are made through any legal means: over the counter, by telephone, or online.
2. The Credit Card may be used to pay for purchases that are certain high value (over \$1,000) equipment (e.g. business computing devices or software); leased equipment; fixed assets; maintenance services; professional services, etc.
3. Authorized uses may be limited by the Executive Officer to specific categories or merchant types, single purchase dollar limit, and monthly spending limits.
4. The Credit Card must not be used in a manner intended to circumvent the formal procurement process or other limits imposed on the Card.

### **Responsibilities**

Individual cardholders, Executive Officer, Commission Clerk, are responsible for:

1. Maintaining proper documentation and supporting receipts for all transactions.
2. Reviewing and certifying the correctness and the business necessity of transactions listed on the monthly statements.
3. Resolving exceptions and disputes directly with the vendors.
4. Notifying the Executive Officer of any suspicious transactions.
5. Establishing internal controls to ensure the proper use of Credit Cards within LAFCO, including additional restrictions on the types of purchases and dollar limits that apply to individual cardholders, and other review procedures.
6. Reviewing monthly transaction reports to ensure overall compliance with policy, including proper disposition of exceptions.
7. Selecting the financial institution (the bank) which provides the most cost-effective purchase card services and maintaining optimal relations

with such institutions. This responsibility includes regular communication and proper follow up with the bank.

8. Administering the Credit Card Program to ensure that it is fully used and results in efficiencies in procurement and spending.

9. Prescribing and maintaining adequate internal control over the Credit Card Program to ensure accountability. This responsibility includes setting LAFCO criteria for proper usage and regular monitoring of usage to ensure compliance with policies.

### **Emergency Use**

10. The Credit Card may provide a mechanism for procuring goods and/or services during an emergency, disaster response, or other unforeseen events.

11. An emergency purchase may be warranted to prevent a hazard to life, health, safety, welfare, property, or to avoid undue additional cost to LAFCO, and/or disruption of service.

12. Emergency purchases of goods and services should not exceed the scope or duration of the emergency.

13. In view of the potential use of the purchase card during emergency conditions, the Executive Officer may authorize higher limits and wider purchasing scope for certain LAFCO staff who may be called on during emergencies.

14. Failure to plan for normal operations does not constitute an emergency use. Failure to plan refers to circumstances in which LAFCO personnel, in the normal course of their activities, have reasonable knowledge of a need but did not take the proper action to procure for the needs. This does not refer to unforeseen circumstances that are clearly beyond their control or knowledge.

### **Suspension and Revocation**

15. Upon the discovery of an unusual spending pattern, the Executive Officer may temporarily suspend a cardholder's privilege until investigations are complete or exceptions are resolved.

16. LAFCO Staff are notified of all cases of suspension or revocation.

17. In addition to the revocation, the Executive Officer may authorize the referral of the case to Internal Audit or the District Attorney for investigation and/or other actions as appropriate.

### List of Prohibited Purchases

These items are prohibited:

- Wire Transfer-Money Orders
- Cash Advances
- Convenience Checks
- Non-Financial Institutions-Foreign Currency, Money Orders, Travelers Checks
- Digital Currency
- Security Brokers/Dealers
- Savings Bonds
- Timeshares
- Betting, Casino Gaming Chips, Off Track Betting
- Fines
- Bail and Bond Payments
- Ammunition and weapons
- Hazardous materials (other than gasoline for business use)

### Restricted Uses

The Credit Card is restricted from being used to purchase the following items:

- Splitting of purchases to circumvent the dollar limitation
- Payment of existing invoices
- The Credit Card may never be used for personal purchases.

#### K. Investment Policy

It is the policy of the Santa Barbara Local Agency Formation Commission to keep its funds in the County Treasury as the basis to implement and manage a prudent, conservative investment program.

It is the practice of the County Treasurer to invest public funds in a manner which provides the maximum security of principal invested with secondary emphasis on achieving the highest return, while meeting the daily cash flow needs of the Investment Pool participants and conforming to all applicable State statutes and County resolutions governing the investment of public funds.

L. Disclosure of Budget and Compensation

Documentation shall be posted on the Commission website and made available to members of public who submit requests for information showing:

1. Most recently adopted Commission budget
2. Authorized Commissioner stipend per meeting. Members of the Commission do not receive pensions, deferred compensation, vehicle allowance or health/dental/vision programs or insurance.
3. Total compensation paid to staff as shown on the most recent W-2 form or 1099 plus any pensions and/or contributions for deferred compensation, health/dental/vision programs or insurance and vehicle allowance.

*Revised October 10, 2002*

*Adopted July 7, 1994*

*Revised May 8, 2003*

*Revised December 4, 2003*

*Revised February 2, 2006*

*Revised April 5, 2007*

*Revised March 3, 2011*

*Revised November 1, 2012*

*Revised April 1, 2021*