

Minutes
Finance and Policy
April 1, 2019
5th committee meeting

Members present were Chairwoman Carol King, Committee Members Terry Merritt and Dale Black. Finance Director Holly Abercrombie, Mark Putnam, HR Director, and City Administrator Brandon Madden were also present.

1. Call to Order- Chairwoman King

2. Public Comment- None

3. Reading and Approval of Minutes

a. Finance Committee Meeting: March 4, 2019

Councilman Merritt made a motion to approve the minutes with Councilman Black seconding. The vote was unanimous (3-0).

4. Reports or Communications from City Officers

a. Budget Review- The budget is in good shape. Holly said our property taxes look like they will be over budget in general this year. Mark reminded everyone that Thursday, April 18th is our service awards luncheon. Also, Mark is working on a social media policy.

b. Department Reports

5. Unfinished Business- None

6. New Business

a. Use of Purchase Order Stamp

Chairwoman King said when she saw this on the agenda, she was pleased, as it will bring us into the 21st century. The stamp will have all the same information on it as the current paper forms. This will save money for the forms and be more efficient. The stamp will ensure the document is actually looked at. Councilman Black asked who would have the stamps. Holly said not all department heads would have them. There are three employees in police, two to three in BDS including the Department Head. Holly said she and Sandra went through everyone who would need them and will order a few more in case anyone was missed. The total would be 24 stamps. Councilman Black asked if it would be a sole source. Holly said Bradham Printing has done our stamps in the past and she got a quote from them.

Councilman Merritt said the traditional po system works like I want to buy something, I go to the department head with a po, and if she or he signs off, I am able to buy the product. When the invoice comes in, a different set of eyes looks at a po and then pays it. Here with the stamp, you have an invoice before you have first approval. Holly said the way we have been using purchase orders is they are attached to the invoice when it comes in and then signed. Councilman Merritt said then that is not a true purchase order system. Holly said for larger purchases, we do have a purchase order that has to be signed before the purchase is made, but not for the smaller purchases.

Councilman Merritt doesn't see the true separation and checks and balances. We don't have a hands off system. Brandon asked Holly to elaborate. Holly said the smaller purchases is what the stamp would be used for, like if you needed a cartridge for a printer, or something similar. For small, everyday purchases like bolts at Ace Hardware. Brandon said it is for smaller, budgeted items under \$5000. Councilman Merritt said a purchase order is written even for the credit card charges and gets a department head signature.

Councilman Black: I would like to see more detail on the credit card charges as to what the thing was. It says meeting or lunch, but not what it is for. If you are going to use the city credit card, it should at least say lunch for economic development. Joe Blow or Sam Smith. A lot of times it is not on there.

Chairwoman King: A lot of times on economic development, they don't like to disclose who it is...

Councilman Black: They can use common sense. There is a lot of purchases that don't say what it is for.

Councilman Merritt: From your point of view, you don't see we have lost accountability or..

Holly: No sir. I see this as a little more assurance that a department head has looked at the actual invoice because the stamp is on it. Now, if you throw a purchase order in front of them, you don't know what they are actually looking at the invoice and what is being purchased. That is my thing.

Brandon: Holly and I have established a system that the ones I have to sign, she goes and reviews to make sure everything is behind it. A lot of these purchases, the department head has discretion to make the purchases, by our policy. I don't see them all. I defer a lot of things to Holly to make sure things are in place. We reached out of municipalities. We use Smart Fusion for electronic purchase orders now. This is an extension of that- to get a little

more review and be a little less time consuming. That is what this is being born out of- the cost and the time.

Councilman Black: This is just for credit card purchases?

Holly: This is for everything under \$5000.00.

Councilman Black: If someone goes to Ace Hardware, are they going to pay for it and get reimbursed or are they going to use the city credit card? If you have a lot of charges at the Sports Center, most things are on the credit card.

Holly: It will be done the same way it is now. It's going to be the same.

Councilman Merritt: Take it from that point of view. If I get my credit card statement, it will have one stamp but 27 transactions. Will you have 27 stamps?

Holly: Yes, they can take a blank piece of paper and stamp it 27 times. That is what we are going to require.

Councilman Merritt: Really?

Holly: Yes. But then it is just that one page that is going to have them all and all the documents behind it instead of an invoice with a yellow copy behind it and another invoice with another yellow copy, and another yellow copy that are hard to copy.

Councilman Merritt: You can take the one page and attach the one statement and file it all together.

Holly: It is going to have your credit card statement in the front, you will have however many stamps for how ever many charges you have, they will put the documentation behind it for all charges, then your receipts behind it are going to tie back or we are not going to accept it. We are going to say you make sure all this ties back and in order, and that is how we are going to do it.

Councilman Black: So a stamp for every purchase?

Holly: Correct.

Brandon: When someone orders something, like this laptop, and we get the invoice, it is reviewed and paid. I think what you are saying, Mr. Merritt, is that before we order the laptop, Holly approves a po. Or a department head. That is what Holly and I discussed because I was getting these forms and I said, this has already been purchased, and they were like yes, and I am like, then

why I am signing it? Now I see what you are asking. I didn't connect it, so I apologize. This will eliminate some paper.

Councilman Merritt: I guess I am familiar with electronic purchase orders with unique numbers assigned to those. They do not have to be printed out, but it is there. A stamp is not a match up. If you file all of the receipts.

Holly: I get what you are saying. I wish we had a po system that could do all that. A true electronic po system, because that would solve a lot. But even with the old system, there was nothing tied to that number. No system generated anything tied to the number. There is no difference between the stamp and the purchase order. Yes, there is a number on it, but it is not tied to anything.

Councilman Merritt: It is a level of comfort that there is a separate set of eyes either pre or post after something was ordered. At least their immediate supervisor signed off on it before it got to the department head, you, Brandon, or whoever. There was a different set of eyes. If AP sees a po signed by a supervisor and it matched up and account codes were there, she put it in to be paid. It is like a few years ago what we got into with the credit cards. The credit cards were the responsibility of whoever they were assigned to and not passed out to whoever that ran to the store. It is a perception of control. I see the stamp headed in the same direction. There is a stamp. Did you see it? You must have, there is a stamp on it. There is a stamp on your desk. I am all for saving trees and easing the work in your department. Those three ladies in that department, making it easier there, but I don't have a high degree of confidence. This is my thought.

Chairwoman King: Holly, did you reach out to neighboring municipalities? What did you find?

Holly: Simpsonville and Fountain Inn, that is where the idea of the stamp came from. I said it saves forms and if you don't have a true electronic system for purchase orders, that is where it came from. Below the threshold is a stamp, above the threshold, they do like us with Smart Fusion so they can't spend over that amount. That is where it came from and trying to figure out ways to make the system better.

Councilman Merritt: The software doesn't have a purchase order option?

Holly: It does, but not to that level. Being able to put everything in it. That requires Sandra to put everything we buy into the system and she doesn't, no, I would have to hire more people.

Councilman Black: If this passes, the department heads will need training. I can see some glitches, but if something happens, you have to hold them accountable. If it is misused.

Brandon: I agree.

Councilman Black: You can't buy hot dogs because you are hungry. Put a stamp on it. I didn't put on it what it is for. They need to put the reason and what account the money will come out of.

Chairwoman King: It is just a change. A lot of times folks don't like change. This is what I am used to seeing. I don't see it changing the process other than eliminating three pieces of paper.

Councilman Black: Brandon has to stress to them if you sign the purchase order, you better know what it is for.

Holly: You own it.

Councilman Black: We need better explanations on what it is for.

Chairwoman King: The next step is scan and file. That is not a hard concept.

Councilman Merritt: I will motion it to go to full council for their consideration.
Councilman Black seconding.

Councilman Black: I would like to challenge Brandon to get some training for them. They need to be a little more careful with the purchases they make and what for.

Chairwoman King: Good point. Thank you, Mr. Black.

Councilman Merritt: I am not going to say I will support it. I will do some more research.

Councilman Black: You need checks and balances. If this doesn't work out, we will have to do something else.

Brandon: One option to consider, and this is more expensive, is to get software for purchase orders for everything.

Councilman Black: The hardware wouldn't handle it.

Brandon: Maybe not VC3 but there is software... I come from a place that was electronic. The only thing not in the system was credit cards, but they

had credit blocks to where not everyone could use them. There was x amount of dollars over a time.

Councilman Black: Some credit cards have different amounts, \$5,000. \$10,000...

Holly: It is a pooled amount. A total amount. Overall. They don't have... For instance. If the City goes over the whole amount, you are done. That has happened before. If we are at a max and I haven't used mine at all, I can't charge \$1000 or \$1.00.

Councilman Black: So there is a limit on all the cards combined?

Councilman Merritt: You said you had to put everything in the computer? We had a po system and all it required was each department had a miscellaneous po. Every month, all the items listed the same account number. There wasn't 27 purchase order for 27 screws, it was listed as miscellaneous. Finance did their job. A separate set of eyes match, match, pay.

Holly: I am not sure if everyone could have access to Smart Fusion to key their own, is what I am getting at. I don't know that. If they can't have access to the system, they can't put in their purchase orders.

Brandon: They charge us. It is almost like a subscription. We can go that route, but it is an amount to pay.

Councilman Merritt: It is where we are as a City. We are the second largest of this, the third of this kind of thing, and up until a few months ago we couldn't have page numbers on our council agendas. I don't mean that derogatory, but that is how far behind we were as a City. Our filing systems... why? Our infrastructure is terrible.

Brandon: We are working on this. I sent Mark the RFP today for IT. The challenge I have and our leadership has in raising the level of sophistication of the city. There is a cost, but it can be done.

Councilman Black: It would save time on the labor part.

Councilman Merritt: Like tonight, this will be the third software system that entity has had in the last 8-10 years. This I hope has a finance module and I hope Finance is included in the evaluation.

Brandon; Finance is included with making sure the money is correct and there was a conversation between Rec and Finance. Finance was not on the recommendation committee.

Councilman Merritt: I read that too, and I was appalled.

Holly: Jennifer and I had a meeting way back when they first started. This was, I am not sure how long ago, on things we needed on the audit end to feel comfortable. We told them what the system needed to do.

Councilman Merritt: Mucho money could be collected. And you audit it at the end of the year?

Holly: No, I don't mean that. I told them we needed... we couldn't have ladies at the front to void. The system needs to lock it down. Jennifer and I presented to them and we were on the conference call.

Councilman Merritt: Have you seen the software?

Holly: No, I have not. I have not. I just let them know what I needed to see. No one should at the front be able to void and someone else up front shouldn't be able to void other. Someone higher up should do that.

Chairwoman King: Can we get back to the stamp? This is off topic. We have a motion and a second. All those in favor?

The vote was unanimous (3-0).

b. Cell Phone Policy

Mark said the City doesn't have a cell phone policy. The sanitation drivers have flip phones to talk back and forth on route pickups. We talked to them and they don't like the flip phones, so they were using their personal cell phones. Our Fire Lts. and Captains are using their cell phones as well. The City pays them \$30 a month to use their personal phones. The policy also sets forth criteria for who needs a city cell phone. That is fire, police, at least 50% of your time is out of a office, being on call, and department heads. You have to meet one of the criteria to have a city cell phone or to get a stipend to use a city cell phone. Chairwoman King asked if it was treated as a reimbursable so it is box one, but not 2, or 3. Mark answered yes.

Councilman Merritt said Page 12 should say City Administrator, not Manager.

Councilman Black asked if we checked our Verizon service. Brandon said he has a meeting scheduled with Verizon to find out what we are paying and he will send it to T Mobile to compare.

Councilman Black said he changed carriers and saved \$50 a month. He said he has had no problem with coverage. Mark said we are paying \$30 a month for flip phones. The amount city is proposing to pay public works for text and voice use only is \$15 a month, so there is a savings of \$15.00. We pay \$30 for those employees who use email and everything, which is police and fire.

Councilman Merritt made a motion to forward this item to council for consideration. Councilman Black seconded the motion and the vote was unanimous (3-0).

c. Economic Development Incentive

This comes from discussion with the EPD committee. Brandon said this is just a draft to allow council to offer incentives for developments. If you have a large company coming in offering large numbers of jobs and investment, council could offer incentives to them to relocate. The City could offer utility assistance, BL abatement, TIIFF, etc. If they didn't deliver on some of their commitments, they would have to repay the City.

Chairwoman King said she likes the application process. Councilman Black asked if the attorney has seen it. Brandon answered yes, the city attorney and our bond counsel, Brad Love. Chairwoman King asked what Brad Love thought. Brandon said his main concern was we didn't have anything in there about tax abatement, because cities can't do that. He also thought the numbers for job and minimum investment were low. We can make the limits higher. The city should expect high investments. Brandon said this is a baseline that council could increase. He is asking for comments.

Van gets approached all the time from developers and doesn't have a fall back. This would allow him to know where council stands on incentives and it won't be a case by case basis. Chairwoman King said she had some people ask this weekend if Mauldin didn't offer incentives for businesses to get development that way. They were referring to Main Street. This is definitely the start of an economic tool.

Councilman Merritt asked if we have a problem getting businesses. He thinks we have a problem with keeping small businesses. Brandon said there are some retention related incentives in the policy. Chairwoman King said it was a tool we could have and it also gives staff a guideline.

Brandon said the final authority on this is council. This will allow a development review team to look at the proposal and recommend a proposal to council.

Councilman Black made a motion to send this to council for input on this draft. Councilman Merritt seconded the motion. The vote was unanimous (3-0).

7. Public Comment- None

8. Committee Concerns

Councilman Merritt: I would like for Mark or Brandon to pull some information for me as to the number of city employees by department and pay class who may have reached their mid/max levels and also a breakdown by years of employment- 5, 10, 15, 20, 25 by department for them. I would like to have it by Thursday.

Brandon: The budget meeting is on Thursday. We could have it by then.

Mark: Do you want those just over max? I think I heard you say mid as well.

Councilman Merritt: At max or almost. Those who at next appraisal would hit max.

Chairwoman King: At or close to max.

9. Adjourn- Chairwoman King adjourned the meeting.

**Respectfully Submitted,
Cindy Miller
Municipal Clerk**