

## Questions Regarding Neighborhood Councils Funding Programs

### 1. How much will we receive for our annual funding?

Upon enrollment in the Funding Program, your Neighborhood Council will be eligible to receive up to \$50,000 per year. Funding is usually divided into four quarters of \$12,500 each. To receive more than \$12,500 for a particular quarter, you can submit a request and the request will be reviewed by the General Manager.

### 2. When will our first NC Fund year start?

The City's fiscal year is July 1-June 30 and is divided into four quarters: July 1-September 30; October 1-December 31; January 1-March 31; and April 1-June 30. Your initial funding will begin on the first day of the quarter during which you receive your stored value card. For example, if you receive your card on May 3rd, your first quarter of funding will be for the quarter April 1-June 30.

### 3. How does the Fund work?

There are three options for you in making your purchases: 1) use the Commercial Prepaid Card, which can be used like a VISA card for purchases up to \$1,000 at a time; 2) use the expedited check process submitted to DONE for purchases over \$1,000 or in cases where the card cannot be used; and 3) use petty cash (up to \$500 per month) for miscellaneous items.

### 4. Once our Neighborhood Council has approved our first request for funds, to whom do we submit it?

All requests should be submitted to your Project Coordinator. Their role is to assist you with any issues relating to your funding request, and to expedite its approval through the City process.

### 5. How does this 12-month budget period relate to the annual timeframe identified in our bylaws such as calendar year, fiscal year, etc.?

The 12-month program budget period is for purpose of drawing and spending your allocation from the City. In the context of the Neighborhood Council, you may wish to adhere to the timeframes specified in your bylaws, e.g., calendar year or fiscal year. The City's fiscal year, however, is July 1-June 30 and accounting for Neighborhood Council funds corresponds to the fiscal year. Your Neighborhood Council may wish to consider formatting your program budget to correspond to the City's fiscal year.

### 6. What happens if we don't spend all our money in the 12-month period?

No problem. Unspent Neighborhood Council funding from one fiscal year "rolls over" into the next fiscal year. It is not "lost." Funding will continue to be allocated on a \$12,500 per quarter basis unless you request a greater amount, subject to approval by the General Manager.

### 7. Do we have to request \$12,500 each quarter?

No. The \$12,500 is a planning number. If you feel you would need less, request that. If you anticipate expenses greater than \$12,500 for the quarter, request that and simply provide an explanation.

### 8. What if we don't spend all of the \$12,500 (or whatever amount) we requested for a quarter? Do we lose what is left over?

No. The unspent funds continue to be available for use in other quarters. Funding will continue to be allocated on a \$12,500 per quarter basis unless you request a greater amount, subject to approval by the General Manager.

### 9. If we spend our quarterly funds before the end of that quarter, do we have to wait until the next quarter to request additional funds?

No. You can request the additional funds before the next quarter. Please note that it would be more efficient for your NC and our Department if, at that time, you submitted a single request for the funds that you need to cover both the shortfall in that quarter and those you anticipate needing for the next quarter.

### 10. Since the card will be embossed with only the City of Los Angeles and the name of our Neighborhood Council, what happens if a store asks for ID in order to use the card?

DONE will issue individual and specially designed City identification cards to your Treasurer.

### 11. Having only one card is very inconvenient. Can we get more than one

Unfortunately, the bank indicates that, at this time, it cannot issue more than one card to each Neighborhood Council. DONE will continue to work with the bank to find a way to meet this reasonable request.

### 12. How frequently can we take out petty cash?

Because of bank restrictions, cash may be taken out only once each month (every 30 calendar days) in any amount up to \$500.00.

### **13. Can we use our funds to reimburse ourselves for expenses related to our Neighborhood Council?**

Yes. The Treasurer or authorized member of the Neighborhood Council may be reimbursed for expenses they incurred after being approved for funding and receiving their Commercial Prepaid Card. Also, a reimbursement can only be made for expenses included in the Board approved budget. All requests for reimbursements can be made through a check request and must be accompanied by the original receipt(s) in order to be processed. Please see Funding Information Bulletin No. 2005-01 Clarification for the Use of Board Member Reimbursements by clicking on the Funding tab on the Home Page. Reimbursements to board members should be a last resort method of payment. The Commercial Prepaid Card has been provided to provide flexibility for funding last minute expenditures such as meeting refreshments and office supplies. Petty cash up to \$500 per month can also be used for such purposes. Reimbursements should be used only when all other means of funding the expenditure are not available.

### **14. Can we use our funds to reimburse ourselves for expenses that occurred prior to getting our Card?**

No. The City Council has approved requirements that your Treasurer has been trained, you have held a public meeting at which your Board has publicly approved an expenditure plan, and DONE has approved your budget request. Until these requirements have been met, an NC cannot receive a card or incur expenses.

### **15. Can we make a donation to a local nonprofit group, newspaper, or event?**

No, however funds may be used to pay for specific services provided to your Neighborhood Council by such groups. For example, you could fund advertising or column space in a community newspaper, a table/display space at a conference or community event, or services performed by a nonprofit. What is not permitted at this time is a charitable gift to groups or entities.

### **16. Can we hire our own staff?**

Not at the present time. Neighborhood Councils have expressed concerns about liability, harassment charges, retirement, benefits, workers compensation, and a whole host of employment issues. Federal, State and City rules and requirements regarding employer/employee relationships are extensive. The City is addressing these issues now. As a short term solution, DONE has developed a special program for you with the temporary personnel organization PDQ.

### **17. How does the PDQ program work?**

Through PDQ you can hire part-time clerical and accounting workers and pay for them with your card. Simply contact Ms. Frankie Fields at PDQ (800/404-0400) to get started.

### **18. What if there is an excellent person in our neighborhood we would like to employ?**

If there is someone special in your community who you feel meets your needs and can qualify for one of the PDQ positions, simply have them contact PDQ. They will screen them for the necessary skills, and if qualified, will enroll and assign them to your Neighborhood Council. PDQ will handle all the paperwork and ensure compliance with City, State, and federal requirements.

### **19. Can we lease office space for our Neighborhood Council?**

Yes! In fact, there are a variety of office space options available to match the specific needs and unique preferences of eligible Neighborhood Councils. Through the new Neighborhood Council Office and Meeting Space, Leasing and Procurement Program, Neighborhood Councils may lease office space in privately owned facilities, occupy donated office space in privately owned facilities, or share space in City owned or leased facilities. This comprehensive Program facilitates the coordination of all processes associated with acquiring office and meeting space from obtaining premises insurance and locating donated office furniture to establishing telephone service. To participate in the Program, eligible Neighborhood Councils must be certified, have an elected board, and be officially enrolled into the Neighborhood Council Funding Program. Contact Jackie Mendez to learn more about the process at (213) 485-4278, or electronically at: [jmendez@mailbox.lacity.org](mailto:jmendez@mailbox.lacity.org). Please visit the Department of Neighborhood Empowerment's online reference library for more office and meeting space information at: [www.lacityneighborhoods.com](http://www.lacityneighborhoods.com).

### **20. What happens if we need to change our Neighborhood Council funding request after it has been submitted to and approved by DONE?**

You do not need to notify DONE of changes that are generally within the scope of what was previously submitted by your Neighborhood Council. Any major changes, however, should be approved by your NC and submitted to DONE. The board may choose to delegate this authority, e.g. Executive Committee or Budget Committee. We just want to help ensure that, at this early stage of the program, money isn't accidentally being spent improperly, and end up damaging your Neighborhood Council and the entire system.

### **21. Can I give the card to other people to use?**

Yes. Your Neighborhood Council, however, should develop procedures and controls for ensuring that the card is used appropriately.

**22. Can we purchase food with the card?**

Yes, food may be purchased when it clearly supports the goal of the Neighborhood Council to encourage public participation in Neighborhood Council activities, e.g., board or committee meetings, training, community forums, neighborhood block parties designed to promote public participation, etc. And, for the same reasons that you wouldn't want anyone at City Hall to be spending money in extravagant food, you too should be Spartan in your thinking.

**23. What if we want to purchase something priced at more than the \$1,000 per item, the card limit?**

In this case, you would submit your request using the expedited check process. This will allow DONE staff to work with you in determining how to best meet this request. Our goal is to get you the money that you need when you need it.

**24. Are the City of Los Angeles, and the Neighborhood Councils exempt from paying sales and related taxes?**

No. Like everyone else, the City pays taxes on its purchases except for services.

**25. What happens if we lose our card?**

Please immediately notify Bank of America at (888) 748-3965, 24 hours a day to report a lost or stolen card. Next, notify the DONE Card Administrator and provide them with a completed "City of Los Angeles Lost/Stolen Commercial Prepaid Card Notification" form (included as part of your Commercial Prepaid Card Handbook issued at the Treasurer training and orientation).

**26. If we have turnover in our Treasurer position (new elections, resignation, etc.), what do we do?**

Notify DONE in writing of the Board's action to identify a new treasurer and submit new Neighborhood Council Fund Treasurer signature forms. The card that is associated with the previous Treasurer will be frozen, and a new card will be issued.

**27. Can funds that are being held for expedited checks be shifted to the card?**

No problem. And they can be shifted the other way too. The starting allocation is that half of the funds are earmarked for expedited checks, and half for the card. For accounting purposes, the City just needed a place to start. Notify DONE if you need the funds shifted based on your anticipated uses.

**28. Can we use city funding to enter into personal service contracts?**

Not at this time. Proposals will be presented for City Council review and approval to allow Neighborhood Councils to enter into contracts with vendors/service providers. Such contracts will be processed through the department and the General Manager. Until this process is approved, Neighborhood Councils must purchase services on a fee-for-service basis. The Neighborhood Council's board votes to purchase services and includes this item in its publicly approved budget. Once the services have been provided, the vendor/service provider will present the Neighborhood Council with an invoice for payment. Submit that invoice along with a check request (DW form) to the Funding Program and a check will be processed to the vendor/service provider.

**29. Can we use our money for month-to-month payments for things like Internet service, telephone bills, etc?**

Yes.

**30. What will happen to the balance of unused funds from this fiscal cycle (2003-2004)?**

On July 1, 2004, all Neighborhood Councils enrolled in the NC Funding Program will become aligned to the City's fiscal year cycle (July 1 - June 30). On this date, NCs will enter their "first" funding quarter for City accounting purposes. On July 1, 2004, all Neighborhood Councils will be eligible to receive a quarterly installment of \$12,500 (or more, with written justification, and approval by the General Manager of the Department of Neighborhood Empowerment). Then, for each following fiscal quarter, the process will repeat:  $\$12,500 \times 4 = \$50,000$ . It is important that all Neighborhood Councils clearly understand the funding cycle: (1) in order to discuss financial issues among themselves and share ideas and best practices; and, (2) so that the folks at City Hall who determine how much money is needed to properly fund the program can more clearly understand the program and the needs of the Neighborhood Councils. All receipts will be due from all Neighborhood Councils at the same time. This will make it easier for Neighborhood Councils to share their best practices. There will also be a "grace period" where the Department will provide the "next" funding installment, so that Neighborhood Councils do not experience periods of zero available funds during the required Department audit. For more information about the grace period, refer to Question Number 33, below.

**31. Does "aligning to the City's fiscal year" mean we have to "use it or lose it" before the end of the fiscal year?**

No. Unspent Neighborhood Council funding from one fiscal year "rolls over" into the next fiscal year. It is not "lost." Funding will continue to be allocated on a \$12,500 per quarter basis unless you request a greater amount, subject to approval by the General Manager.

**32. Will we have to change our budget format?**

No. Because the accounting for Neighborhood Council funding is aligned with the City's fiscal year (July 1 - June 30), Neighborhood Councils may also want to adopt budgets aligned to the fiscal year. But it is not a requirement. A Neighborhood Council can stick with whichever internal schedule it has already adopted -- fiscal year, program year, or operating year. There are Neighborhood Councils throughout the City with operating years that begin in each of the 12 months. We suggest that you present the funding process to your stakeholders as one installment of funding for each quarter (approximately \$12,500 every three months), and you should be fine. Here's the bottom line: If you have a well-designed budget and operating plan, and if you have spread the funds out to cover routine expenses, activities, community communication, and other event items, you will most likely spend the money properly. This will help to keep you on track as far as delivering to your community is concerned. If you try to expend the entire \$50,000 in a hurry, without thinking about the result, you might wind up with poor results and angry stakeholders.

### **33. How do the funding access and acc processes occur?**

Before a Neighborhood Council can receive funding for its next quarter (normally \$12,500), we are required to examine the receipts from the last quarter to ensure that the money has been spent properly. This audit should normally take two or more days to process. But it will take longer if original receipts, or other items are missing. We have added the two accountants that we had been unable to hire because of the city's hiring freeze. Staff continues to process 1,144 documents totaling 9,376 pages annually, in addition to processing approximately 100 check requests each week. To ensure that your next quarter's funding doesn't get unduly delayed, we have instituted a "grace period" of one 90-day quarter while the audit is being completed. The "grace period" allows funding access to continue while we work with you on the audit. Together, we can help to ensure you have the money you need when you need it. The Department has tried to provide Neighborhood Councils with timely access to funds while also seeking reasonable cooperation from the Neighborhood Councils in preparing for the audits that are a required part of the Funding Program. We recognize that some Neighborhood Councils may benefit from receiving funds without interruption caused by the audit, or by Neighborhood Councils delivering receipt packages containing missing documents that might take some time to find. Here is how the basic funding access and audit processes work: The Neighborhood Council enrolls in the Program and requests funding for one quarter. The Department arranges for the funding access. At the end of the quarter, the Neighborhood Council delivers all receipts and supporting documentation to the Department for accounting and auditing. The Neighborhood Council may also deliver their (second or subsequent) request for funding at the same time. The Department arranges for release of the next funding installment, while also performing the required audit of the previous funding installment. The Neighborhood Council assists the Department as needed to ensure a timely completion of the audit; misplaced receipts are located, any added details supplied, etc. After the audit has been completed and both the Neighborhood Council and the Department agree on the results of that audit, the audit is filed in a secured location. For rapid access to funds, all Neighborhood Councils enrolled in the Funding Program should: Submit all receipts and expenditure documents for review as soon as possible, with all such receipts dated no later than the previous three-month quarter. Try to avoid sending receipts at the last minute, as this means the accounting will take longer to complete. Submit the next funding request and the audit materials from the last installment at least two weeks before the end of the current funding quarter.

### **34. Will there be a "grace period" for submission of receipts for audits?**

Yes. The Funding Program wants to provide the Neighborhood Councils with maximum flexibility in getting their funds, so a grace period of one quarter will be honored. It is expected that the Neighborhood Councils will engage in a good-faith effort to submit original receipts no more than one quarter old, and in turn the Department will process a current funding request.

### **35. What is the procedure for receiving items we have purchased with our funding?**

When the Neighborhood Council receives these items, the receipt must be signed and dated by the Treasurer. These receipts must be included in the quarterly audit documentation submitted to the Funding Program.

### **36. Can a board member be reimbursed on the basis of photocopied receipts?**

City policy is that only original receipts will be accepted as a basis for reimbursement. Photocopies cannot be accepted.

### **37. If an advance payment is approved by the Controller for processing, when does the original invoice have to be submitted to the Funding Program?**

The original invoice must be submitted within 21 days. This is an exception to the quarterly audit process of submitting all other (non-advance payment) receipts at the end of the quarter.

### **38. When do we submit a final invoice?**

Final invoices must be submitted to the Funding Program within 30 days from the date of the invoice. City policy is to pay vendors on a timely basis.

### **39. When we submit a request for a demand warrant (DW), do we have to include the date the event was held or the date we received a purchased item?**

Yes. The Request for Demand Warrant (DW) form has been revised to include a line to enter the date an event was held or a purchased item was received.

#### **40. What if our board meets in a restaurant?**

That's fine so long as a list of those attending and an itemized receipt are submitted with the quarterly audit. A general receipt that fails to list what restaurant items were specifically paid for will not meet the Controller's standards.

#### **41. How do I find out about discounted pricing at Office Depot?**

The best way is to be set up online at <http://bsd.officedepot.com>. Ken Meyer will set you up to access this website.

#### **42. What if there is no extra discount when I purchase at Office Depot?**

Not every item is entitled to an extra discount. Generally technology items e.g., printer, palm pilots, fax machines, are already discounted to the lowest price at the store.

#### **43. Can Office Depot deliver to us?**

Yes, free delivery is available. You must first have your Neighborhood Council's address entered into the Office Depot computer system and then you can order online and have free next day delivery.

#### **44. What if I want to purchase items e.g., furniture or computer equipment, priced over the \$1,000.00 credit card limit?**

Office Depot can invoice you on an open account basis through the Department of Neighborhood Empowerment. However, you need prior authorization from the Funding Program before we can do this.

#### **45. Why don't all the retail store clerks at Office Depot know about this discount program?**

Although Office Depot has informed store district managers and most of the store managers, the retail clerks may not be aware of this program. The pricing is done through the credit card link and that is why all purchases must be completed as a credit card sale and not as a debit card sale.

#### **46. How long does it take to process a request for a check (demand warrant) from the City Controller?**

Processing funding requests or check requests normally requires 7 to 10 business days from the time that the Funding Program staff receives and logs the request until the Controller issues and mails the check. This assumes that there is no missing information, that the vendor's business tax license number and tax identification number have been included, and that a current budget includes the expenditure. At this time, 90% of the requests that we receive are processed within this amount of time.

#### **47. How long does it take for a notification to be emailed to the Neighborhood Council?**

We have restructured the notification process so that within 48 hours of receipt, Funding Program staff now e-mails the Neighborhood Council treasurer, our staff Advocate, and the Senior Project Coordinator, printed notifications of all submitted requests for checks and subsequent funding. Within an additional 48 hours, requests for additional information are also e-mailed. At the end of the process, the staff will e-mail a notification that a check has been cut, or that additional funding uploaded to your account.

#### **48. What can delay processing checks?**

There are six common situations that can result in processing delays: 1. No current City of Los Angeles Business Tax Registration Certificate (BTRC), which is required by the City Controller to prove that the vendor is following city laws. 2. No employer identification number (EIN) or W-9 form, which is required by the City Controller. 3. Turning in an old, expired price quotation, typically for an advance payment item, which must be reviewed by Controller staff. This can be avoided by submitting an invoice for goods or services already received and by trying not to request an advance payment, unless no other reasonable alternative exists. City policy is to pay for goods or services already received by means of an invoice. 4. No invoice submitted for services or goods received and now requiring payment. An invoice needs to accompany the check request. 5. Insufficient funds in the Neighborhood Council account. This can be avoided by the treasurer making sure that either adequate funds exist in the account at the time the check request is submitted or else by submitting a funding request at least one week ahead of time. Neighborhood Councils are strongly urged to submit funding requests at least two weeks before the end of the current quarter of funding. 6. No Neighborhood Council board-approved budget on file with the department. This is a required document for participation in the Neighborhood Council Funding Program and the problem can be avoided by submitting a budget ahead of a check request, particularly if the budget has to be revised to accommodate a new expenditure. 7. Item to be purchased does not fit in any budget category approved by Neighborhood board. This can be avoided by the Neighborhood Council submitting a revised budget ahead of the check request, or at least with it. Neighborhood Councils are strongly urged to submit an annual budget rather than a quarterly budget to ensure greater flexibility and a reduced need for revising budgets. 8. Request for payment involves a transfer from the prepaid card balance and the Neighborhood Council has not requested the transfer. Delay can be avoided by making sure that if a balance transfer is necessary to pay for a check request, the request to transfer funds form is also submitted to the Funding Program. A request to transfer funds requires coordination between the Funding Program, City Treasurer, and Bank of America, and this multi-stage accounting process typically requires a week to complete.

#### **49. Can the accounting process be standardized?**

Our accountants transfer the auditing data that we receive onto spreadsheets so that it can be reviewed with the treasurer. We will once again ask if there are any Neighborhood Council treasurers or others who would like to get together and develop a standardized process that will save everyone lots of time. Regardless, we will shortly schedule a meeting for this purpose.

**50. When will the Neighborhood Councils be allowed to accept donations?**

Currently, donations can only be accepted by the City Council. The motions are easy to write. We are here to help. A report to be submitted for City Council consideration is now being finished. The report will propose allowing Neighborhood Councils the ability to accept donations of funding and supplies from the community. The best way to keep track of the progress of the donations ordinance is to check our home page at [www.lacityneighborhoods.com](http://www.lacityneighborhoods.com).

**51. When will the Neighborhood Councils have increased flexibility regarding cash withdrawals from the commercial prepaid card?**

A report that proposes changes to the Neighborhood Council Funding Program is being prepared by us for submission to the City Council. You can expect that the report will propose several areas of greater flexibility.

**52. Can there be automatic funding uploads following large expenditures?**

There was a question as to whether funding could be added automatically when balances simply declined to a certain level. We have reviewed the Department's fiscal accountability to the city and to the public, and have concluded that automatic funding allocations after large expenditures are not possible for two reasons: the need for neighborhood council boards to approve all expenditure decisions in a public meeting; and, the need to submit requests for additional funding that are signed by the treasurer and second signatory.

**53. How can Neighborhood Councils best obtain photocopiers?**

Neighborhood Councils may contact the Department of General Services to take advantage of the City's contract with Canon for lower-priced copiers. The explanation and related contact information is available on the General Services website at <http://www.lacity.org/GSD/pubcopier.htm>. The advantage of this option is that it is cost efficient and saves the Neighborhood Council maintenance and repair costs associated with purchasing a copier outright.

**54. Are most Merchant Category Codes (MCC) still blocked on the commercial prepaid card?**

When the card first starting being used, we found that many legitimate purchases were being blocked by the coding on the card. We waded through the complicated world of Merchant Category Codes and directed the Bank of America to unblock a large number of codes, and that seems to have resolved the problem. If a block occurs again, let us know and we'll help you and the merchant through the process. Be aware that it's up to the merchant to pick how they wish to code themselves. When this decision is made for tax purposes, it may not put them into a category that most correctly describes the kind of business they engage in, and it creates a problem for the rest of us.

**55. Can Neighborhood Councils establish 501(c)(3) nonprofit entities?**

No. The City Attorney is addressing this issue in order to keep the Neighborhood Council, its board members, and the new entity out of legal trouble, which is important when the issue involves money.

**56. Who do I contact if I have questions?**

Should you have any questions regarding the Funding program, please contact Kevin McNeely at (213) 485-1810 or at [kmcneely@mailbox.lacity.org](mailto:kmcneely@mailbox.lacity.org).

**57. What about the website?**

The best way to keep track of the progress of the donations ordinance and the funding program changes is to check our home page at [www.lacityneighborhoods.com](http://www.lacityneighborhoods.com).

**58. Are reimbursements allowed to third parties for payments made on behalf of our Neighborhood Council?**

No. While we recognize individuals not on the board of the Neighborhood Council or other groups in the community may sincerely want to help the Neighborhood Council with facilitating their purchases, the City has no mechanism to allow for payments to third parties. Payments must be made directly from the Neighborhood Council to the vendor on the basis of an invoice from the vendor. As a reminder, reimbursements to board members can occur only with prior approval of the Neighborhood Council board. Such reimbursements are only for last resort, last minute purchases. Neighborhood Councils are advised not to use board member reimbursement as a frequent means of funding purchases. Please see Info Bulletin 2005-01 posted on this website at

[http://www.lacity.org/done/fundingbulletin/donefundingbulletin104628216\\_03252005.pdf](http://www.lacity.org/done/fundingbulletin/donefundingbulletin104628216_03252005.pdf).

**59. What is the procedure we (the Treasurer and Second Signatory) should follow if our Neighborhood Council wants to contribute funding, or to purchase needed equipment, supplies or services, for projects or activities operated by another entity in our community, such as a school or community center or another city department?**

When a Neighborhood Council board votes to spend some of its City funding as an individual contribution, or as part of a cooperative improvement project involving several agencies and other sources of funds, a Demand Warrant for the amount to be contributed by the Neighborhood Council should be prepared and delivered to the Department of Neighborhood Empowerment. The demand warrant should clearly identify the dollar amount and, if appropriate, identify the organization, agency, or City department that is partnering with the Neighborhood Council, as well as the amounts contributed by the other partners.

In addition to the Demand Warrant request to financially assist another entity, such as a LAUSD facility, a non-profit community center, a senior center, or a park and recreation center managed by another City agency, the Neighborhood Council Treasurer should submit two brief, written, very important statements:

(1) One statement, from your Neighborhood Council, explaining how your Neighborhood Council selected the entity, and how the expenditure of City funds will benefit the Neighborhood Council; and, (2) a second statement from the entity itself, on agency letterhead, acknowledging and appreciating the Neighborhood Council's involvement and financial assistance for the project.

This is to protect the Neighborhood Council as well as the recipient. Remember, these are public funds and there has to be a clear public benefit to the community. Also, make sure the entity or agency that you would like to help is fully aware of and supports the project or activity, thereby avoiding any confusion. This is important to remember: In addition to the invoice to be paid, these statements constitute a valuable "paper trail" should an auditor or member of the public or media inquire why the expenditure had occurred.



Neighborhood Council  
Funding Program  
**COMMERCIAL PREPAID CARD SYSTEM**

**ACCEPTABLE PURCHASE CATEGORIES**

The Commercial Prepaid Card System was developed for Neighborhood Councils as an easy and convenient way to obtain items and/or services required for Neighborhood Council operations. The card has been electronically coded to accept a wide variety of purchases and includes valuable information provided to the Department of Neighborhood Empowerment by Neighborhood Councils.

Below is a list of acceptable purchase categories with Neighborhood Council funds, including the card. This list will change as Neighborhood Councils need changes. Certain items require advance approval from the Department. NOTE: Gasoline may be purchased *in reasonable amounts* for Neighborhood Council business by using your petty cash fund. Make sure a receipt is obtained from the gas station. Forward the original receipt to the Department with your other receipts for audit purposes.

If you have any questions regarding any of the items on the list, please contact the Funding Program at (866) LA HELPS.

**ACCEPTABLE COMMERCIAL PREPAID CARD PURCHASE CATEGORIES:**

**BUSINESS SERVICES**

- Automobile Parking Lots and Garages
- Employment Agencies, Temporary Help Services\*\*
- Equipment Rental
- Furniture Rental
- Photographic Developing, Photofinishing Laboratories, Studios
- Postal Services
- Quick Copy, Reproduction and Blueprint Services
- Stenographic and Secretarial Support Services\*\*
- Tool Rental

**COMMUNICATIONS SERVICES**

- Telecommunication Equipment
- Telecommunication Service

**FINANCIAL SERVICES**

- Automated Cash

**PROFESSIONAL SERVICES**

- Associations, Civic, Social and Fraternal
- Colleges, Universities, Professional Schools
- Organizations, Charitable and Social Service
- Schools, Elementary and Secondary

**REPAIR SERVICES**

- Electronic Repair Shops
- Furniture Repair, Refinishing and Reupholstery Shops
- Small Appliance Repair Shops

**RETAIL SERVICES**

- Books, Periodicals, Newspapers
- Building Materials, Lumber Stores
- Candy, Nut, Confectionery Stores
- Caterers
- Computers, Computer Peripheral Equipment, Computer Software
- Computer Software Stores
- Department Stores
- Discount Stores
- Drug Stores, Pharmacies
- Eating Places, Restaurants
- Electronics Stores
- Fast Food Quick Payment Service Restaurants
- Florist Supplies, Nursery Stock and Flowers
- Glass, Paint, Wallpaper Stores
- Grocery Stores, Supermarkets
- Hardware Stores
- Home Supply Warehouse
- Lawn and Garden Supply Stores
- Music Stores
- Office and Commercial Furniture
- Office, Photographic and Photocopy
- Paints, Varnishes and Supplies
- Record Shops
- Second Hand Stores, Used Merchandise Stores
- Stationery, Office Supplies, Printing
- Variety Stores
- Wholesale Clubs

**TRANSPORTATION SERVICES**

- Bus Lines
- Courier Services, both Air and Ground
- Freight Forwarders
- Truck and Utility Trailer Rental

**\*\*NOTE: Requires approval in advance from the Department of Neighborhood Empowerment.**

Neighborhood Council  
Funding Program**UNACCEPTABLE PURCHASES**

Below is a list of unacceptable purchases using City funds, including both the Commercial Prepaid Card and paper checks. *It is the responsibility of the Neighborhood Council to obtain prior approval on all questionable items that are not listed here or on the Acceptable Purchase Categories list.*

If you have any questions, please contact your Project Coordinator or the Neighborhood Council Funding Program, toll-free, at (866) LA HELPS.

The Department of Neighborhood Empowerment has created the Funding Program based on a good faith relationship with the Neighborhood Councils. It is assumed that Neighborhood Council purchases will reflect this assumption of good faith and will adhere to the prohibitions described below. To assist the Neighborhood Councils, the Department retains fiscal controls to minimize mistakes or monetary abuses by the Neighborhood Councils. The Department is able to monitor Neighborhood Council purchases through real-time online access to the Bank of America and the City Financial Management Information System (FMIS) databases and reports. If fiscal mistakes or abuses occur, the Department may use a sanction process to correct the situation.

**UNACCEPTABLE PURCHASE CATEGORIES AND ITEMS**

- **Any purchases made without the authorization of the Neighborhood Council governing body, and any purchases that are not identified by category in the approved budget or spending plan of the Neighborhood Council**
- **Transactions completed without obtaining an original invoice, receipt, written quote, or written estimate**
- **All costs or expenses incurred prior to the date of enrollment in the Funding Program**
- **Renting or leasing of office space without prior approval of the Department** (*This is a contracting issue that requires adherence to specific guidelines*)
- **Long-term contract in excess of 12 months or one full funding cycle without approval of the General Manager and City Attorney** (*contracts require adherence to specific guidelines because of liability concerns*)
- **Gifts, grants, and donations of money or goods to individuals or groups without a clearly identified and tangible benefit to the Neighborhood Council, and without a receipt from the recipient individuals or groups.** (*State law prohibits public funds from being given as a gift; contact your Project Coordinator or the Funding Program for more information*)
- **Gift Cards, Flowers to Neighborhood Council members or any other individual or group** (*State law prohibits public funds from being given as a gift*)
- **Airfare and any other travel expenses including hotel/motel facility expenses without prior Department approval.** (*The City Controller must approve all travel-related expenses for City departments, and the Department of Neighborhood Empowerment must approve travel by Neighborhood Councils, in advance*)
- **Alcohol, tobacco, firearms, and adult entertainment products** (*this should be obvious*)
- **Funding to third party individuals or groups without either an approved contract for goods or services or a receipt from a vendor for goods or services received** (*There must always be a closed transaction with either a contract or receipt acknowledging the funds the Neighborhood Council is spending. There cannot be a third party intermediary that receives Neighborhood Council funds without written acknowledgment for the Neighborhood Council and Department records*)
- **Hiring staff or securing the services of temporary employees, except through an approved contract between the Department and PDQ Temporary Services, Inc., a City-approved temporary employment agency** (*This is a contract that requires adherence to specific guidelines*)
- **Retaining janitorial, custodial, security, or any other professional services without an approved contract for services** (*This is a contracting issue that requires adherence to specific guidelines*)
- **Supporting or opposing ballot measures or candidates, filing lawsuits against the City or City agency, filing appeals against any discretionary decisions made by any City agency, political forums or debates, unless following City Attorney guidelines**