

Village of Hampton

520 First Avenue
Hampton, Illinois

Purchasing Policy

Approved
February 7, 2000

1st Revision - February 22, 2005
2nd Revision - September 23, 2019

General: The purchase of goods and services is required on a daily basis in order to conduct Village business effectively and efficiently. It is often impractical to bring each and every purchase before the Board of Trustees or other committee for approval prior to the purchase. It is therefore the purpose of this policy to establish standardized procedures for the purchase of such goods and/or services by those employees and officials that are required to on behalf of the Village in the performance of their duties.

A. Purpose: The purpose of this policy is to establish written procedures for purchasing goods and services for the Village of Hampton. This policy may not be changed without approval of the Board of Trustees.

B. Scope: This policy applies to any and all goods and services purchased for the Village of Hampton.

C. Purchasing Terms: Purchasing terms for the Village are "Net 30 Days." Operating cash is invested in 30 day Certificates of Deposit (CDs) on a rotational basis. Cashing CDs early often times results in lost interest income and/or penalties. Every effort should be made to inform vendors of these terms when arranging for the purchase of goods or services. Exceptions are at times necessary and will be approved by the Board of Trustees in advance. The billing address for all purchases made on behalf of the Village is: Village of Hampton, PO Box 77, Hampton, IL 61256-0077

D. Purchasing Authority: The following officers and employees have the authority to purchase goods and services for the Village by virtue of their job title:

- President of the Board of Trustees.
- Trustees.
- Clerk/Collector.
- Supervisor of Public Works.
- Chief of Police.
- Fire / Rescue Chief.

Each cardholder shall be solely responsible and accountable for any and all purchases made on their card. No other person except for those listed above shall be allowed to make purchases with or using a Village credit card without prior written approval by the chair of the appropriate department committee or a minimum of three (3) Trustees.

E. Purchasing Limits: Any Village officer or employee listed in paragraph D is authorized to spend up to One Thousand and 00/100 dollars (\$1000.00) total (in one single transaction or between multiple transactions) between regularly scheduled Board of Trustees meetings without prior approval from the Board of Trustees. Purchases over this limit may be verbally approved on a case by case basis by a minimum of three (3) Trustees. Approvals that exceed the spending limit set forth in this paragraph should be used for emergency purchases only.

These approved amounts are not intended to be a "blank check" for employees and officials to use in a reckless manner.

F. Purchase Orders: Purchase orders will be used for all purchases of goods and services for the Village with the following exceptions:

- Monthly recurring utility bills, (i.e. telephone, gas & electricity, etc.)
- Allowances (i.e. auto, phone, etc.)
- Federal and State Tax payroll payments.
- Illinois Municipal Retirement Fund (I.M.R.F.) payments.
- Health and Life Insurance premiums.
- Travel vouchers.
- Monthly or annual loan and/or bond payments.

Purchase Orders will have a minimum of the following information when submitted for payment:

- The date of the purchase or date the order was placed.
- The vendor's name and billing address.
- Ship to information. For services or goods picked up at the vendor, check the "picked up" box.
- The quantity of goods purchased and/or a description of the services requested.
- Signature of the person initiating the purchase order.

Purchase orders with the invoice (when available) should be turned in to the Treasurer as soon as practical within seven (7) days so processing for payment can begin. Do not wait for invoices or statements to be mailed.

G. Reimbursement: Reimbursement for goods or services paid for out-of-pocket requires a purchase order to be completed with the original receipt attached prior to being submitted for reimbursement. Any credit card numbers that appear on the sales slip or invoice should be blacked out prior to submitting for payment. For petty cash reimbursements, refer to the Petty Cash Policy.

H. Village Credit Card Purchases: The Village has a credit card account through the official depositor of Village funds. This credit card account exists for the purpose of facilitating certain types of expenditures that typically require a credit card and from vendors who do not offer thirty (30) day billing for purchases or do not accept purchase orders.

I. Authorized Credit Card Holders: The following officers and department heads will have a Village of Hampton credit card issued in their name to use for Village purchases:

- President of the Board of Trustees.
- Trustees.

- Clerk/Collector.
- Supervisor of Public Works.
- Police Chief.
- Fire/Rescue Chief.

J. Authorized Credit Card Purchases: Credit cards can be used for any authorized purchase according to the limits set forth in paragraphs **D and E of this policy**. Village credit cards are not to be used for personal expenses, even if the expenses are to be reimbursed to the Village. Individuals who have a Village credit card will be held responsible for its use or misuse.

K. Credit Card Purchase Orders: Purchase orders will still be utilized for credit card purchases. In order to differentiate purchases made with credit cards and vendor charges, pink credit card purchase orders are available from the Clerk to be used for purchases made with credit cards.

L. Taxes: The Village is exempt from paying sales tax and certain Federal taxes. Copies of the Village's Tax Exempt Certificate are available from the Clerk and will be used for all purchases to prevent paying sales tax. Purchases made out-of-pocket and will most likely be subject to sales tax and should be kept to a minimum.

CITY OF COLLINSVILLE



PURCHASING CARD POLICY

Updated May 2022

City of Collinsville Purchasing Card Policy and Procedures

Overview

The City of Collinsville (City) has entered into an agreement with UMB Bank to provide certain employees (cardholders) with a City Purchasing Card. This policy provides guidelines under which the Purchasing Card may be used. Cardholders will be required to sign a statement indicating that they understand and agree to the policy prior to receiving a Purchasing Card. This is an alternate approach to purchasing products and some travel expenditures.

The Purchase Card will not replace the normal purchasing procedures established by the City, but it will be used in instances where it is not advantageous or cost effective to use an open house account with various vendors.

Purpose

The City Purchasing Card program is used to purchase goods and services that do not require approval in advance of the purchase by the City Manager or City Council.

- The Purchase Card enables employees to order and receive products directly.
- The Purchase Card gives employees the power and flexibility to purchase supplies and services when the organization needs them.
- The Purchase Card means employees will get faster delivery on low-cost items, because there is less paperwork.
- The Purchase Card would enable employees on City travel to charge hotel, gas, and conference registrations without the need to use their own personal Credit Cards.

It is accepted that no policy and procedure statement can cover all eventualities. Exceptional cases will be resolved as circumstances and prudent business practices warrant.

Purchasing Card Responsibilities

The difference is a PCard is a corporate liability charge card with certain restrictions and limitations imposed on the cardholder. Card privileges may be rescinded at any time at the discretion of the Finance Director if policies and/or procedures are not followed. Card usage will be audited by Collinsville's Finance Director and the cardholders will be personally liable for any unauthorized use which occurs on their PCards.

PCard Program Administrator:

The Finance Office is responsible for:

- ❖ Processing all PCard user requests and issuing PCards to new users
- ❖ Setting all PCard limits and business rules according to City policies, procedures, and guidelines
- ❖ Monitoring all PCard activity for compliance with City policies and procedures
- ❖ Changing or correcting PCard limits and parameters as needed
- ❖ Providing notification to the City Administrator of violations of PCard policy and procedures and, when necessary canceling cardholder's PCard
- ❖ Contacting the PCard provider to resolve PCard use, charge, credit, and other problems

Management Responsibilities

Human Resources and Finance are responsible for:

- ❖ Requesting PCards for designated employees who will make purchases for goods and/or services.
- ❖ Monitoring and approving monthly PCard activity to ensure cards are used in accordance with City policies and procedures.
- ❖ Setting Departmental PCard limits and business rules according to City policies, procedures, and guidelines along with Finance Staff.
- ❖ Changing or correcting Departmental PCard limits and parameters as needed
- ❖ Providing notification to PCard users and the Finance Department of violations of PCard policy and procedures.
- ❖ Obtaining the PCard card and sending it to the PCard Administrator upon cardholder's termination of employment, transfer to a different department, or request of the PCard Administrator.
- ❖ Reporting of monthly PCard activity with documentation for payment processing to the Finance Department for timely payments.

Cardholder Responsibilities

- ❖ Upon receipt, the cardholder must immediately sign the PCard.
- ❖ Use the PCard as the primary method for making purchases of goods and services that do not require City Council approval.
- ❖ Obtaining supervisor approval for all purchases made with the PCard.
- ❖ Obtaining detailed Purchase card slips, cash register receipts, packing slips or other appropriate documents to validate each transaction.
- ❖ Resolving directly with the vendor any disputes concerning returns, credits or adjustments for transactions made with the PCard.
- ❖ Attaching PCard transaction documents (credit card slips, cash register receipt, packing slip, etc.) to an AP batch. The cardholder (or other designated employee) will prepare an accounts payable batch and submit to the Department Head on a weekly/daily basis (as determined by the Department Head).
- ❖ Adhering to all other Purchasing Policies.
- ❖ Although the card is issued in the cardholder's name. it is the property of the City of Collinsville and is only to be used for City purchases as defined in this document.
- ❖ Purchasing cards and card numbers must be kept in a safe place and safeguarded against use by unauthorized individuals in the same manner a personal credit card would be secured.

PCard Contacts

Contacts for Cardholders

To report a lost, stolen, defective, misplaced, or erroneous charges, or for any additional information please contact the Finance Department immediately.

Purchasing Card Program Benefits

Benefits for the Cardholder

Reduced time spent purchasing materials and supplies.

Benefits for the City

Reduced processing costs and improved internal control over purchases. Pay the PCard provider for all charges through electronic ACH process once a month and ability to review online PCard purchase activity on a daily or monthly basis.

Benefits for Purchasing and Accounts Payable

Payment is received immediately.

Authorized and Unauthorized Use
--

Authorized Uses of the Purchasing Card

- ❖ Purchases may be made with the PCard within the established limits and restrictions of each individual PCard.
- ❖ All purchases made with the purchasing card must be for the benefit of City, within established budgets, and in accordance with the City Purchasing Card Policy.

General Unauthorized Uses of the Purchasing Card

- ❖ Items equal to or greater than the established maximum limits of each individual PCard.
- ❖ Personal items (item for personnel use), even with the intent of reimbursing the City after the purchase
- ❖ Cash advances
- ❖ Gifts and prizes
- ❖ Entertainment
- ❖ Telephones calls, and calling cards
- ❖ Serial purchasing - the card is not to be used to make a series of small dollar purchases to bypass Council requiring approval to make a single purchase.
- ❖ Cardholders should not use Purchasing Cards where the City has an existing store account (Wal-Mart, Home Depot, O'Reilly Automotive, Amazon, etc.) or where the merchant invoices the City directly (Rural King, R.P. Lumber, Jack Schmitt, London Shoe, and most local vendors.)
- ❖ The Purchasing Card is not intended to avoid or bypass appropriate purchasing or payment procedures. Purchases that require purchase orders, bids, or City Council approval should not be made with a Purchasing Card.

- ❖ Some inappropriate merchants have been blocked from usage including liquor stores, insurance services, gaming facilities, etc. If a Purchasing Card is declined in error, please contact the City Treasurer.

PCard Usage Procedure

Issuance of PCard

1. Human Resources notifies Finance department for processing.
2. Cards should be received by the Finance department in about 10 to 15 business days.
3. Finance department reviews and makes copies of PCard(s) for records.
4. PCard Cardholder Agreement Form signed by cardholder(s).

Card Controls and Limits

Spending Limits of Cardholder levels

- 10,000 to match the City's current purchasing approvals

Transaction Flow

1. Cardholder makes purchase from merchant via telephone, mail, fax, internet, or in person.
2. Cardholder retains receipts of PCard purchases.
3. Purchase of goods and/or services credited to PCard Company.
4. PCard monthly statements emailed the Department Head and the Finance Department.
5. Accounts Payable reviews and approves PCard accounts payable batches. PCard activity is posted to the general ledger through the normal AP process.
6. ACH payment(s) of the outstanding credit card balance is made by the Finance Office.

Purchase items via telephone, mail, fax, internet, or in person

The cardholder must keep all purchasing card records, including receiving reports, receipts, or other documentation supporting charges against his/her purchasing card. The cardholder is required to attach all such receipts to the PCard accounts payable form and submit to their Department Head weekly. The Department Head should then submit to Accounts Payable after reconciled with the statement. A/P Batch should be submitted within 5 days of receiving the statement.

Shipping

Caution: Cardholders should make prudent selection of shipping options. The cost of shipping heavier packages and/or routine packages via Federal Express or UPS overnight or 2-day express can be very expensive. Such priority handling or expediting of shipments should only be utilized when necessary. As with all expenditures of public funds, prudence must be demonstrated, and expenses justified.

Returned Purchases

Each cardholder is responsible for any returns of purchases. All returns must be credited to the cardholder's account. *Cash refunds are strictly prohibited.*

Sales Tax

- ❖ The cardholder should remind all vendors of the City tax-exempt status. The cardholder must review all receipts for each purchase to ensure sales tax has not been assessed.
- ❖ If sales tax has been charged to a purchase, the cardholder should contact the vendor for a credit.
- ❖ The City's sales tax id number is printed on the face of each Purchasing Card for the convenience of the cardholder.

Disputed Transaction

1. If a cardholder believes that a charge has been posted incorrectly to his/her account, the cardholder must notify the vendor as soon as possible.
2. The cardholder must also notify Accounts Payable of any disputed charges.
3. If the vendor agrees that an error was made, the purchase will be credited from the account on the next monthly purchasing card memo statement.
4. If the disputed charge remains unresolved by the due date the charge will remain on the account until the dispute is resolved.

Lost/Stolen/Misplace Purchasing Cards

1. Cardholder should notify the Finance Department. If the card is lost/stolen/misplaced during non-working hours the card holder should contact UMB at 888-494-5141 as soon as possible, then notify the Department Head immediately upon returning to work.
2. The Finance Office will cancel the purchasing card and request a new card from UMB.
3. Any fraudulent charges against the lost or stolen purchasing card will be handled in accordance with the City's purchasing policies.

Termination of Employment

1. Upon termination of employment, the cardholder must surrender the card to his/her supervisor. The supervisor will then forward the terminated employee's PCard to the Finance Office.
2. The Finance Office will immediately cancel the purchasing card.

Refunds of Purchase Card Purchases

A refund must be reimbursed to the PCard account charged for the purchase.

Receipts

Include PCard transaction date, vendor name, amounts, and itemized description of item(s) purchased.

Lost receipts

1. A PCard lost receipts form needs to be completed and sent over to Accounts Payable with PCard batches.
2. Repeated loss of receipts may be grounds for discontinuing a cardholder's PCard use.

City P-Card Agreement Signature Form

CARDHOLDER AGREEMENT

I understand that I am authorized to use the Purchasing Card, to purchase goods and services and the purchase is within the parameters established in the Policies and Procedures.

I agree to purchase goods and services, consistent with the City responsibilities, to satisfy legitimate business needs of the City. I will not use the Purchase Card for personal use or non-permitted business purposes.

All purchases I make will be in accordance with applicable City Purchase Card Policies and Procedures (a copy of which was provided to me).

I understand that my authorization to make such purchases shall automatically cease upon my termination from the City employment, or if I should change departments.

I have reviewed and understand the provisions of the attached referenced Policies and Procedures.

I understand that any abuse or incorrect use of the Purchase Card could result in disciplinary action against me up to and including termination of my employment at the City and criminal prosecution.

Signature

Print Name
four digits only)

PC Card Number (last

Department

Date

Return to Finance when completed

1-5. Debit/Credit Card Policy

Village of Cedarville, Illinois, Debit/Credit Card Policy

A. Introduction

The overall goal of the Village Debit/Credit Card Policy is to ensure fiscal control and accountability for debit/credit card(s) issued in the name of the Village of Cedarville. Since the debit/credit card(s) is issued in the name of the Village of Cedarville, they create a liability exposure to the Village. This policy has been developed to ensure that users of the debit/credit card(s) understand their responsibilities and proper use of the debit/credit card(s).

Cedarville has obtained a debit/credit cards issued for use by Village employees. The card(s) was obtained to provide a funding source for employees that need a debit/credit card to make authorized purchases for official Village business.

The Village of Cedarville allows qualified employees with a debit/credit card an expense to purchase selected materials and services costing less than \$1,000 (including shipping and handling).

This policy and the policies in the Employee Handbook must be followed by cardholders when conducting Village of Cedarville business and using the Village debit/credit card. Policy violations will result in revocation of cardholder privileges and possible disciplinary action. Village debit/credit cards are issued at the discretion of the Village of Cedarville to qualified employees.

B. Ownership and Cancellation of the Village Card

The Village debit/credit card remains the property of the issuer. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder. The issuer or the Village of Cedarville may suspend or cancel cardholder privileges at any time for any reason. The cardholder will surrender the debit/credit card upon request to the Village of Cedarville or any authorized agent of the issuer. Use of the debit/credit card or account after notice of its cancellation may be fraudulent and may cause the Village of Cedarville to take legal action.

C. Debit/Credit Card Abuse

Abuse of the debit/credit card will result in revocation of the card and appropriate disciplinary action, which may include termination. Policy violations include, but are not limited to:

- Purchasing items for personal use
- Exceeding bank credit line limit
- Using the card for purchases of \$1,000 or more
- Using the card for unauthorized purposes
- Failure to return the card when reassigned, terminated, or upon request
- Failure to submit proper documentation to the Village President and Treasurer in a timely

fashion.

D. Receipts

It is the cardholder's responsibility to obtain transaction receipts from the merchant or supplier each time the debit/credit card is used. These receipts must show the sales tax charged as a separate line item. Each month, the Village of Cedarville will receive an activity statement from the bank. Individual transaction receipts are to be attached to this monthly activity report and submitted to the Village President for review and approval. Following such approval, the activity report and receipts must be forwarded to the Village Clerk for future state sales and use tax audits.

E. Payment of Bills

The Village of Cedarville will receive all credit card statements and bank statements showing debit card use on a monthly basis. Charges appearing on the statements will be checked against receipts submitted by individuals using the card during the billing period. If unapproved or other improper charges are identified on the bill, a statement indicating these charges and the amounts will be prepared and forward to the individual. Payment of the amounts indicated must be made within ten (10) days. As a condition of receiving a debit/credit card, the individual agrees to reimburse Village of Cedarville for all unapproved, commingled or other improper charges as determined above. Failure to reimburse the Village may subject the individual to additional charges for interest expense incurred by the Village. In addition the Village reserves the right to use all legal means available to collect amounts due the Village pursuant to this policy. Individuals failing to make this reimbursement will be reported to the Village President for disciplinary action pursuant to the Village's personnel policies. Individuals who fail to properly reimburse the Village as indicated above will no longer be allowed to use a Village debit/credit card. Any employee who uses a Village debit/credit card for any improper, unauthorized or fraudulent purpose, or any purpose whatsoever which is inconsistent with the terms of this Policy, shall be responsible for reimbursing the Village for any expenses incurred by the Village, including but not limited to attorney's fees and court costs, in association with such improper use, in addition to any other disciplinary actions which may be taken by the Village.

F. Disputed Items

It is the cardholder's responsibility to follow-up on any erroneous charges, returns or adjustments and to ensure proper credit is given on subsequent statements.

G. Protecting the Debit/Credit Card

The debit/credit card is valuable property which requires proper treatment by the cardholder to protect it from misuse by unauthorized parties.