

RESOLUTION NO. 2018-007

**RESOLUTION OF THE VILLAGE OF MONTGOMERY, ILLINOIS
ADOPTING PURCHASING CARD POLICY**

WHEREAS, the Village of Montgomery (“Village”) and its Village Board recognize the importance of sound financial planning and clear policies and guidelines for financial management; and

WHEREAS, sound accounting practices and policies are necessary for ensuring the integrity of financial records and Village funds; and

WHEREAS, the Village will regularly review existing policies and establish additional policies to promote fiscal responsibility and the efficient transaction of Village business; and

WHEREAS, the Village is an Illinois municipal corporation and a non-home rule unit of government under the Illinois Constitution, Article VII, Section 7, and accordingly, is a public body subject to these provisions; and

WHEREAS, the authority to purchase all supplies, materials, parts, equipment and contractual or professional services required for Village operations is provided for in Chapter 2, Article I, Section 2-2.22 of the Village of Montgomery Municipal Code; and

WHEREAS, the Village is required to process payments in an accurate and timely manner in accordance with the Local Government Prompt Payment Act (50 ILCS 505); and

WHEREAS, the Purchasing Card Policy is intended to streamline and simplify purchasing and payment procedures and reduce administrative burdens by consolidating supplier invoices; and

WHEREAS, the Purchasing Card Policy further enhances the Village of Montgomery Purchasing Policy; and

WHEREAS, the Village Board finds it in the best interest of the citizens to establish policies to ensure the financial stability of the Village.

NOW, THEREFORE, BE IT RESOLVED by the Village President and the Board of Trustees of the Village of Montgomery, Kane and Kendall Counties, Illinois, as follows:

Section One: Incorporation of Preambles

The Board hereby finds that all of the recitals contained in the preambles to this Resolution are full, true and correct and does incorporate them into this Resolution by this reference.

Section Two:

The Purchasing Card Policy attached as Exhibit A to this resolution, incorporated herein by reference, is hereby adopted.

Section Three: General Provisions

REPEALER: All ordinances, resolutions, policies, or portions thereof in conflict with this resolution are hereby repealed.


SEVERABILITY: Should any provision of this Resolution be declared invalid by a court of competent jurisdiction; the remaining provisions will remain in full force and effect the same as if the invalid provision had not been a part of this Resolution.

EFFECTIVE DATE: This Resolution shall be in full force and effect from and after its approval, passage and publication in pamphlet form as provided by law.

PASSED AND APPROVED by the President and Board of Trustees of the Village of Montgomery, Kane and Kendall Counties, Illinois, this 12th day of March, 2018.



Matthew Brolley
President of the Board of Trustees of the Village of Montgomery

ATTEST:


Penny Fitzpatrick
Clerk of the Village of Montgomery



	Aye	Nay	Absent	Abstain
Trustee Stan Bond	✓	—	—	—
Trustee Peter Heinz	—	—	—	✓
Trustee Steve Jungermann	✓	—	—	—
Trustee Dennis Lee	✓	—	—	—
Trustee Douglas Marecek	✓	—	—	—
Trustee Theresa Sperling	✓	—	—	—

Village of Montgomery Purchasing Card Policy

I. Purpose

The purpose of this policy is to provide Village of Montgomery staff information about the use of a Village issued purchasing card. The card is intended to streamline and simplify purchasing and payment procedures and reduce administrative burdens by consolidating supplier invoices. The card is not intended to avoid or bypass appropriate procurement or payment procedures. Rather, the card complements the existing processes available to obtain products or services.

This policy is applicable to all employees who have been selected to receive a card. Cardholders are expected to read, understand and abide by this policy. The cardholder needs to remember that he/she is committing Village funds each time the card is used. This is a responsibility that should not be taken lightly, as the cardholder is responsible for all charges made to his/her card. Intentional misuse or fraudulent abuse may result in disciplinary action, up to and including termination, as well as recovery of all unauthorized purchases.

II. Objectives

The use of purchasing cards is designed to:

- A. Allow employees to obtain certain goods and services faster and easier;
- B. Enhance purchasing controls;
- C. Make additional vendors available through internet sales;
- D. Provide costs savings through consolidated payment (one payment versus multiple vendor payments); and
- E. Reduce paperwork and processing time in obtaining goods and services.

III. Guidelines for use

Any purchases made on the card are subject to not only this Purchasing Card Policy, but also the guidelines and authorization amounts set forth in the Village of Montgomery Purchasing Policy.

A. Issuance

The Purchasing Card Agreement must be completed by the employee, approved by the respective Department Head, and forwarded to the Finance Department before card issuance. The face of the card will include the Village logo, card number, expiration date, cardholder's name, and the Village's tax-exempt number. There will be no impact to the cardholder's personal credit since the card is issued to and remains the property of the Village.

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III. Guidelines for use (Continued)

B. Spending limits

Individual monthly card limits are determined by the appropriate Department Head. These limits will be checked by the issuer each time a purchase is made. During a transaction, a card could be declined due to exceeding monthly limits, unauthorized Merchant Category Codes (MCCs), or incorrect card information. Should this occur, please verify the credit card information with the vendor and whether the amount charged is within limits. An employee's card limit may be temporarily extended to allow them to complete an approved purchase beyond their regular spending limit.

The Village has established a list of profiles for which each employee will be appropriately placed by the Department Heads. These profiles will be maintained by the Finance Department. The Finance Department will monitor limits and restrictions and make changes when appropriate. The following profiles have been established:

- Profile A:
 - Maximum dollar limit per month: = \$1,000
- Profile B:
 - Maximum dollar limit per month = \$2,500
- Profile C:
 - Maximum dollar limit per month = \$5,000
- Profile D:
 - Maximum dollar limit per month = \$20,000

C. Card restrictions

The following list covers purchases for which use of the card is expressly prohibited:

- Alcoholic beverages
- Audio visual equipment (unless preapproved by Department Head)
- Capital equipment (unless preapproved by Department Head)
- Cash advances
- Computer hardware and software (unless preapproved by Department Head)
- Meals and entertainment for travel
- Office or cellular telephones
- Personal items including, but not limited to, clothing or footwear

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IV. Cardholder responsibility

A. Security

1. Authorized use of the card is limited to the person whose name appears on the face of the card. Accordingly, the card may not be assigned, loaned, transferred, or used by anyone other than the designated cardholder. However, the card may be used to make purchases on behalf of an employee in his/her department.
2. The card should be kept in a secure location at all times. In addition, any document containing the card number should not be left or posted in a conspicuous place.
3. Should a card be lost or stolen, the cardholder must immediately notify the purchasing card issuer, Department Head, and Director of Finance. The telephone number of the purchasing card issuer will be provided to the cardholder upon issuance.

B. Purchases

1. The card is for Village purchases only. Cardholders may not use the card for personal purchases with the intent of reimbursing the Village later.
2. Village purchases are exempt from sales tax. When making purchases for the Village, all reasonable attempts should be made to make purchases exempt from sales tax, which may require presenting the Village's tax-exempt certificate (available from the Finance Department) and completing forms or other documentation.
3. A receipt or invoice must be obtained to support each purchase made on the card. More specifically, cardholders should print a copy of online transactions completed with the card. The lack of adequate support may require the cardholder to pay for the purchase from personal funds.
4. Retain all documentation pertaining to the purchase including, but not limited to, receipt, invoice, and/or packing slip. The documentation must be kept on file for reconciliation to the cardholder statement.

C. Reconciliation

1. Individual statements will be sent to each cardholder to verify the charges incurred during the current billing cycle. Verification of transactions on the statement is the responsibility of each cardholder.

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IV. Cardholder responsibility (Continued)

C. Reconciliation (Continued)

2. Charges: Each charge on the statement must be itemized and coded to the applicable budget line item.
 - a. Cardholders are required to retain an itemized receipt, invoice, or other supporting documentation for each purchase made on the card.
 - b. In the rare case where no receipt is obtained, the cardholder must initial the purchasing card statement next to the charge and write "No Receipt." In addition, the cardholder's Department Head must review and approve these charges prior to being submitted to the Finance Department for processing. Continued failure to provide documentation will result in revocation of card privileges.
 - c. If it is determined by the cardholder's Department Head that there is inadequate support for a charge, the cardholder will be required to reimburse the Village from personal funds.

3. Returns, credits, and disputed items: Cardholders are responsible to follow-up with vendors regarding any erroneous charges, disputed items, returns, or refunds.
 - a. Returns of material to suppliers must be handled as credits and treated as separate transactions. Returns are not to be handled as exchanges or combined with other purchases. A separate transaction must be placed to reorder the correct material.
 - b. The vendor should issue a credit for returned items or inadvertently charged sales tax. Cash refunds are NOT allowed under any circumstances.
 - c. It is imperative that communication be initiated promptly if the cardholder identifies an issue that would cause the Village to pay the wrong amount. It is the cardholder's responsibility to first work with the applicable vendor. If the cardholder and vendor cannot resolve an issue, the cardholder should dispute the charge in writing to the issuer. A temporary credit will be issued pending final resolution. The issuer will process the dispute on the cardholder's behalf and assist in the investigation. All unresolved issues should be brought to the attention of the Department Head and Finance Department.

4. The statement must be signed by the cardholder as proof of reconciliation. Their Department Head shall review all documentation; then approve and sign the statement. Each department should forward all statement and supporting documentation to the Finance Department within ten (10) days of receiving the statement. Continued failure to submit timely statements will result in revocation of card privileges.

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IV. Reporting

The Director of Finance will receive a master report from the card provider identifying all charges made by all authorized cardholders during the current billing cycle. This report will be reconciled against the submitted monthly statements of all individual cardholders to ensure that no discrepancies exist. In addition, the Finance Department will review the monthly statements of each individual cardholder to ensure that all charges are properly coded and that sufficient support is provided for each charge prior to processing payment. The Finance Department shall report the total purchasing card purchases on the list of bills approved by the Village Board.

V. Card maintenance

A Department Head must complete the Purchasing Card Maintenance form to update an existing card. Please understand if a new card needs to be issued that it may take 7 to 10 days to receive.

A. Change

The form should be used to change any of the following items:

1. Cancellation
2. Department transfer
3. Name
4. Replacement
5. Restrictions
6. Spending limits

B. Cancellation

Department Heads must notify the Finance Department if a cardholder terminates employment, transfers to a different department, or assumes duties that no longer require the use of a purchasing card by completing the Purchasing Card Maintenance Form.

1. Cardholders must return the card to the respective Department Head immediately upon request or termination of employment. It shall be the responsibility of the Department Head to ensure all cancelled cards are collected from the employee prior to the individual leaving and forwarded to the Finance Department for destruction.
2. In the event the Department Head is not able to collect the card when an employee leaves, the Department Head shall immediately notify the Finance Department to ensure the card is canceled in a timely manner. The Finance Department will notify the issuer to cancel the card to prevent any unauthorized purchases.
3. Should a cardholder be transferred within the Village to another department, it will be the responsibility of the new Department Head to determine if the cardholder should be issued a card in their new position.