

VILLAGE OF LOMBARD
REQUEST FOR BOARD OF TRUSTEES ACTION
For Inclusion on Board Agenda

 X Resolution or Ordinance (Blue) *Waiver of First Requested*
 Recommendations of Boards, Commissions & Committees (Green)
 Other Business (Pink)

TO: President and Village Board of Trustees

FROM: David A. Hulseberg, Village Manager *dah*

DATE: May 22, 2012 (COW)(B of T): June 7, 2012

TITLE: Revision to the Village's Purchasing Manual

SUBMITTED BY: Tim Sexton, Director of Finance

BACKGROUND/POLICY IMPLICATIONS:

The proposed revision is for the Petty Cash section of the Purchasing Manual. Revisions include changes to internal procedures.

In the interest of saving paper, only the proposed change to the Petty Cash section of the Purchasing Policies and Procedures Manual is attached (Exhibit A). If anyone would like to view the complete manual, a copy is available in the Finance Department.

The Finance Committee voted unanimously to recommend approval of the staff recommendation and the amended wording to the policy.

FISCAL IMPACT:

N/A

REVIEW (as needed):

Village Attorney XX	_____	Date	_____
Finance Director XX	<i>Timothy Sexton</i>	Date	<i>5/22/12</i>
Village Manager XX	<i>David A. Hulseberg</i>	Date	<i>5/24/12</i>

NOTE: All materials must be submitted to and approved by the Village Manager's Office by 12:00 Noon, Wednesday, prior to the Board Agenda distribution.



To: Village President and Board of Trustees
David Hulseberg, Village Manager

From: Timothy Sexton, Director of Finance

Date: May 22, 2012

Subject: Purchasing Policy Revisions

The Finance Committee at their April 23, 2012 meeting discussed three items in the Purchasing Policy. Item #1 pertained to the disposal of Village property with a value under \$200 with the approval of the Village Manager. Item #2 concerned administrative approval of all change orders less than \$100 to avoid undue burden on the Village Board and ensure a more efficient process when an immaterial change order is proposed. Item #3 (Exhibit A) proposed changes to current Petty Cash section.

Item #1 cannot be implemented, as 65 ILCS 5/11-76-4 requires Village Board action to dispose of personal property for compensation

Item #2 cannot be implemented, per state statute 720 ILCS 5/33E-9, Board approval is required when a change order would result in the total of all approved change orders increasing or decreasing the contract price by \$10,000 or more.

The Finance Committee voted unanimously to recommend that the Village Board accept proposed changes to the Petty Cash section. Village Board approval of these recommendations are requested.

Exhibit A
Proposed Revisions to the Purchasing Policies and Procedures Manual
May 2012

Proposed Revision :

Page 27: Chapter 5 – Methods of Payment Processing, G. Petty Cash,

Current Wording:

G. Petty Cash

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This policy sets forth procedures for the handling of petty cash monies at the Village Hall, Police, Public Works and Fire Departments. It further establishes the procedures for reporting petty cash disbursements by department to the Department of Finance as well as reimbursements to each petty cash box.

Petty cash boxes are located at the Village Hall, Public Works Building, Police Department (3) and Fire Station 1. The persons accountable for these boxes at each of the buildings are the Accounts Payable Clerk, Accounting Clerk and Customer Service Representatives, the Public Works Administrative Coordinator, the Police Department Administrative Coordinator, the Police Department Training Coordinator, the Police Department Records Supervisor and the Administrative Secretary at Fire Station 1, respectively. They are responsible for seeing that the total number of receipts and cash equal the amounts detailed in Section 2b. The Petty Cash box is subject to audit (Section 2h) and the above listed individuals will be accountable for any non-compliance with this procedure or shortage of funds.

All forms needed in order to effectively manage the petty cash process are referred to in the procedures section and are contained as Exhibits to this policy.

The following policy and procedural guidelines have been established to promote a more efficient and accountable petty cash operation. All departments within the Village are responsible for abiding by this policy. There are no exceptions.

1. Petty Cash Disbursements to Employees

- a. Requests for petty cash may be made to the Accounts Payable Clerk or the Customer Service Representatives at the Village Hall, Administrative Coordinator at the Public Works Building, the Administrative Coordinator and/or the Training Coordinator and/or the Records Supervisor at the Police Department, and the Administrative Secretary at Fire Station 1.
- b. There is a \$100 limit per petty cash request per day. Any amount above \$100 must be reimbursed via a claim voucher submittal through the accounts payable process. Reimbursable expenses under \$100 incurred by an employee for training expenses, etc. should be reimbursed from petty cash rather than through the accounts payable process.
- c. No one is allowed to take money from petty cash without a petty cash request form and/or a receipt which must be signed by the appropriate supervisor. The

petty cash request form must also be signed by the employee who will receive the money.

- If a petty cash request form is submitted without a receipt (e.g. money is requested before a receipt has been obtained), the person disbursing the money must mark "HOLD" on the receipt form and the employee must bring back a receipt no later than the next business day after the money is spent, along with the change (if applicable). At this time, the "HOLD" is crossed off the receipt form, it is marked paid, the proper dollar amount is written down and the receipt is put in the petty cash box.
- If a receipt is submitted with the petty cash request form, the employee is reimbursed and no further action by the employee is needed. At this time, the petty cash request form is marked "PAID" with the date on it and put in the petty cash box.
- All receipts must be original. If desired, copies may be made and kept by each individual employee, but the original must be given to the respective person responsible for petty cash in each department.
- If for some reason the employee did not obtain a receipt for submittal with the petty cash request form, supervisory approval must be noted on the petty cash receipt form.

d. All petty cash request forms must contain the following information:

- Date
- Detailed description of the expenditure
- Name of person(s) to receive money
- Name of person authorizing receipt of money (must be a supervisory employee specifically designated by the department)
- Account number to which the expenditure will be charged
- Receipt (if received, otherwise the petty cash request form will be marked "HOLD")

2. Reimbursing Each Petty Cash Box

- a. As stated above, the persons responsible for the various petty cash boxes are the Accounts Payable Clerk, Accounting Clerk and Customer Service Representatives at the Village Hall; the Administrative Coordinator at the Public Works Building; the Administrative Coordinator, the Training Coordinator and the Records Supervisor at the Police Department; and the Administrative Secretary at Fire Station 1. They not only disburse petty cash to various employees, they must reconcile the petty cash box and request petty cash reimbursements by the payables deadline. It is recommended that this be done on a weekly basis, if possible.

- b. The chart below depicts the maximum amount of petty cash allotted for each building.

DEPARTMENT	PETTY CASH AMOUNT
Village Hall *	\$3,500
Public Works	\$ 300
Police Administration	\$ 400
Police Training	\$ 400
Police Records	\$ 600
Fire	\$ 300

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If the amounts indicated are not sufficient to meet the needs of the department, the Department Head can request an increase in the petty cash allotment. This request must be made to the Assistant Director of Finance and approved by the Director of Finance. *The Village Hall petty cash amount is usually at \$3,500. However, this amount is subject to change based on the current Department of Homeland Security level of security alert, as set in the Village's Emergency Action Plan Manual.

Proposed Wording:

G. Petty Cash

This policy sets forth procedures for the handling of petty cash monies at the Village Hall, Police, Public Works and Fire Departments. It further establishes the procedures for reporting petty cash disbursements by department to the Department of Finance as well as reimbursements to each petty cash box.

Petty cash boxes are located at the Village Hall, Public Works Building, Police Department (23) and Fire Station 2+. The persons accountable for these boxes at each of the buildings are the Accounts Payable/Accounts Receivable Clerk, ~~Accounting Clerk~~ Customer Service Supervisor, and Customer Service Representatives, the Public Works Administrative Coordinator, the Police Department Administrative Coordinator, the Police Department Training Coordinator, the Police Department Records Supervisor and the Administrative Secretary at Fire Station 2+, respectively. They are responsible for seeing that the total number of receipts and cash equal the amounts detailed in Section 2b. The Petty Cash box is subject to audit (Section 2h) and the above listed individuals will be accountable for any non-compliance with this procedure or shortage of funds.

All forms needed in order to effectively manage the petty cash process are referred to in the procedures section and are contained as Exhibits to this policy.

The following policy and procedural guidelines have been established to promote a more efficient and accountable petty cash operation. All departments within the Village are responsible for abiding by this policy. There are no exceptions.

1. Petty Cash Disbursements to Employees

- e. Requests for petty cash may be made to the Accounts Payable/Accounts Receivable Clerk or the Customer Service Representatives at the Village Hall,

Administrative Coordinator at the Public Works Building, the Administrative Coordinator and/or the Training Coordinator and/or the Records Supervisor at the Police Department, and the Administrative Secretary at Fire Station 24.

- f. There is a \$100 limit per petty cash request per day. Any amount above \$100 must be reimbursed via a claim voucher submittal through the accounts payable process unless approved by the Director of Finance or his designee. Reimbursable expenses under \$100 incurred by an employee for training expenses, etc. should be reimbursed from petty cash rather than through the accounts payable process.
- g. No one is allowed to take money from petty cash without a petty cash request form and/or a receipt which must be signed by the appropriate supervisor. The petty cash request form must also be signed by the employee who will receive the money.
- If a petty cash request form is submitted without a receipt (e.g. money is requested before a receipt has been obtained), the person disbursing the money must mark "HOLD" on the receipt form and the employee must bring back a receipt no later than the next business day after the money is spent, along with the change (if applicable). At this time, the "HOLD" is crossed off the receipt form, it is marked paid, the proper dollar amount is written down and the receipt is put in the petty cash box.
 - If a receipt is submitted with the petty cash request form, the employee is reimbursed and no further action by the employee is needed. At this time, the petty cash request form is marked "PAID" with the date on it and put in the petty cash box.
 - All receipts must be original. If desired, copies may be made and kept by each individual employee, but the original must be given to the respective person responsible for petty cash in each department.
 - If for some reason the employee did not obtain a receipt for submittal with the petty cash request form, supervisory approval must be noted on the petty cash receipt form.
- h. All petty cash request forms must contain the following information:
- Date
 - Detailed description of the expenditure
 - Name of person(s) to receive money
 - Name of person authorizing receipt of money (must be a supervisory employee specifically designated by the department)
 - Account number to which the expenditure will be charged
 - Receipt (if received, otherwise the petty cash request form will be marked "HOLD")

2. Reimbursing Each Petty Cash Box

- b. As stated above, the persons responsible for the various petty cash boxes are the ~~Accounts Payable/Accounts Receivable Clerk, Accounting Clerk~~ Customer Service Supervisor and Customer Service Representatives at the Village Hall; the Administrative Coordinator at the Public Works Building; the Administrative Coordinator, the Training Coordinator and the Records Supervisor at the Police Department; and the Administrative Secretary at Fire Station 2. They not only disburse petty cash to various employees, they must reconcile the petty cash box and request petty cash reimbursements by the payables deadline. It is recommended that this be done on a weekly basis, if possible.
- b. The chart below depicts the maximum amount of petty cash allotted for each building by location/function.

<u>DEPARTMENT/ LOCATION/FUNCTION</u>	<u>PETTY CASH AMOUNT</u>
Village Hall *	\$3,500
Public Works	\$ 300
Police Administration	\$ 400
Police Training	\$ 400
Police Records - Adjudication	\$ 6500
Police Records/Front Desk	\$ 1,200
Police Tobacco Grant	\$ 500
Fire Station 2	\$ 300

If the amounts indicated are not sufficient to meet the needs of the department, the Department Head can request an increase in the petty cash allotment. This request must be made to the Assistant Director of Finance and approved by the Director of Finance. *The Village Hall petty cash amount is usually at \$3,500. However, this amount is subject to change based on the current Department of Homeland Security level of security alert, as set in the Village's Emergency Action Plan Manual.

RESOLUTION
R _____ 12

A RESOLUTION AMENDING THE PURCHASING POLICIES AND PROCEDURES MANUAL FOR THE VILLAGE OF LOMBARD

WHEREAS, Section 35.21 of the Village of Lombard Municipal Code states that “the Village Manager shall...have prepared and maintained a purchasing manual”, and

WHEREAS, Section 35.21 further states that “said manual shall be subject to approval by the Board of Trustees”, and

WHEREAS, the Village Board previously approved Resolution 95-99 adopting a purchasing policies and procedures manual for the Village of Lombard; and

WHEREAS, the adoption of the amendment to the purchasing manual contributes to the continuity and credibility of administering public funds; and

WHEREAS, the Corporate Authorities deem it to be in the best interest of the Village of Lombard to approve such manual.

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF LOMBARD, DU PAGE COUNTY, ILLINOIS as follows:

Section 1: That the amendments to the Village of Lombard Financial Policies are hereby approved.

Section 2: That the Director of Finance is hereby directed to implement said policies as approved.

Adopted this _____ day of _____, 2012

Ayes: _____

Nays: _____

Absent: _____

Approved this _____ day of _____, 2012

William J. Mueller
Village President

ATTEST:

Brigitte O'Brien
Village Clerk

APPROVAL AS TO FORM:

Thomas P. Bayer
Village Attorney