

Proposed Revisions to the Purchasing Policies and Procedures Manual
Finance Committee Review
April 2012

Proposed Revision # 1:

Page 30: Chapter 6 – Financial Policies, A. Change Order Policy

Current Wording:

A. Change Order Policy (BOT approved 2/16/95, resolution # 58-95)

State statute requires Village Board approval of all change orders for \$10,000 or more and for all change orders which, when combined with those previously approved, increase or reduce the contract price by more than \$10,000. For projects with change orders exceeding 50% of the original contract amount, the contract must be rebid per state statute. The following financial policy is consistent with this statute.

It shall be the responsibility of each Department Head to ensure that all change orders are submitted to the Village Manager or Village Board for approval. In addition, Department Heads shall be responsible for monitoring all contract payouts and retainages and ensuring that the amount of the change order is correct.

Where a change order requires the approval of the Public Works Committee or Board of Local Improvements, approval shall be received prior to submitting the change order to the Village Board or Village Manager. Departments shall follow the procedures established by the Public Works Department for submitting change orders to these boards and committees.

The procedures outlined below shall not apply to professional service contracts (e.g. engineering, architectural or land surveying work). Changes to professional service contracts shall be treated as contract amendments.

Proposed Wording:

A. Change Order Policy (would need to be updated after BOT approval)

State statute requires Village Board approval of all change orders for \$10,000 or more and for all change orders which, when combined with those previously approved, increase or reduce the contract price by more than \$10,000. For projects with change orders exceeding 50% of the original contract amount, the contract must be rebid per state statute. The following financial policy is consistent with this statute.

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established by the Public Works Department for submitting change orders to these boards and committees.

The procedures outlined below shall not apply to professional service contracts (e.g. engineering, architectural or land surveying work). Changes to professional service contracts shall be treated as contract amendments.

Please note the following exception for change orders independent of the amount of the original purchase order or any subsequent change orders.

Except in the case of a change order which, when combined with all other approved change orders relative to the contract, causes the contract price to have been increased or decreased, in total, by \$10,000 or more, any individual change order of less than \$100 may be approved administratively, by the appropriate Department Head, Director of Finance, and Village Manager, without Board of Trustee approval. This exception is to avoid undue burden on the Village Board as well as to ensure a more efficient process when an immaterial change order is proposed.

Proposed Revision # 3:

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

Current 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 (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

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.

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Petty cash boxes are located at the Village Hall, Public Works Building, Police Department (5) and Fire Station 2. The persons accountable for these boxes at each of the buildings are the Accounts Payable/Accounts Receivable 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.

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- e. Requests for petty cash may be made to the Accounts Payable/Accounts Receivable Clerk 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 2.
- 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.
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- b. As stated above, the persons responsible for the various petty cash boxes are the Accounts Payable/Accounts Receivable 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.

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

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