

RESOLUTION
R 86-09

**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 2nd day of April, 2009

Ayes: Trustees Gron, Tross, O'Brien, Moreau, Fitzpatrick and Soderstrom

Nays: None

Absent: None

Approved this 2nd day of April, 2009



William J. Mueller
Village President

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ATTEST:



Brigitte O'Brien
Village Clerk

APPROVAL AS TO FORM:

Thomas P. Bayer
Village Attorney




VILLAGE OF LOMBARD

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To: Finance Committee

David A. Hulseberg, Village Manager

From: Timothy Sexton, Director of Finance 

Date: March 13, 2009

Subject: Purchasing Policies and Procedures Update for Purchase Card Program

The Finance Department has been testing purchasing card software over the last two years. This software provides the ability to electronically download card transaction information such as the vendor name, amount of transaction, and date. By utilizing this software and electronic download, we are able to make the purchasing of small dollar amount items much more efficient.

Research shows that processing a purchase order all the way through to payment can cost around \$75-\$120 per transaction and can take about 9 steps to complete. Purchase card transactions cut that cost and can reduce the steps by 2/3. In addition, use of a purchase card improves cash management through a consolidated monthly payment.

The recommended plan is to switch all employees who have a credit card with MB Financial (generally Assistant Department Heads and above) over to the U.S. Bank purchasing card. We have tested the current purchase card program for two years and worked out all the software issues. At a future date, we may expand this program out to other managers and supervisors. However, we will bring this back to the Finance Committee for a recommendation at the point we are ready to move forward with that.

To formalize the policy for the purchasing card program, we have included the proposed change to the Purchasing Policies and Procedures Manual. This section will be added to Section 5, Methods of Payment Processing, if approved.

Therefore, staff is requesting the Finance Committee's approval of this recommendation to the Village Board of Trustees for their consideration at the Village Board meeting on April 2, 2009.

VILLAGE OF LOMBARD
PURCHASE CARD (P-CARD) POLICY AND PROCEDURES

1. **P-Card Purchases** - The P-Card may be used **ONLY** for purchases in accordance with the purchasing procedures and limits established by the Village. Charges must not be split to avoid exceeding the individual transaction limit of the card. The procurement card must **NEVER** be used for cash advances, services, fuel (unless traveling outside of the Village), standard merchant category exclusions (liquor stores, jewelry, etc.), or for personal use.
2. **Site Administrator** – The Finance Director will appoint a Site Administrator to oversee the P-Card program.
3. **Approved Cardholder** – Only the approved Cardholder whose name is embossed on the card is authorized to make purchases with the card.
4. **Documentation** – Cardholders are responsible for providing all sales invoices/register receipts. The amount charged must match the documentation exactly. Documentation must clearly state the details of what was purchased and the amount.
5. **Sales Tax Exempt** – Purchases made with the Procurement Card are tax exempt. The cardholder is responsible for ensuring tax has not been charged. The tax exempt number is #E9997-4401-05. Our tax ID # is 36-6005975.
6. **Credit for Returns or Errors** – If an item is returned, a credit must be shown and supporting documentation must be submitted with the monthly statement. If you have a dispute with a charge on your card, it is the cardholder's responsibility to contact the bank that issued the P-Card to file the dispute and for further instructions.
7. **Billing Process** – P-Card statements are mailed directly to the cardholder from the bank that has issued the P-Card. Statements and all related documents must be received in the Accounting Office by the 10th of each month. The following items are required:
 - a. Bank Statement with account supervisor's signature on the statement authorizing the expense(s)
 - b. Original copy of each receipt for each transaction (keep a copy for your records)
 - c. Complete P-Card information in INFISYS/PROCUREMENT CARD MAIN MENU/PROCESSING MENU/TRANSACTION MAINTENANCE (input: account # to bill for each transaction, explanation of the purpose or use for all items, check approve or hold box).

In the event a vendor charges unallowable sales tax, the cardholder must immediately contact the vendor and request a credit to the card in the amount of the tax. A copy of the credit invoice is also required and must be attached to the statement showing the credited amount. The cardholder will have one month to resolve the issue. At the discretion of the Site Administrator, the card will be revoked if the issue is not resolved within the next month, or if there are reoccurrences of sales tax being charged.

In the event a statement is received in accounting after the 10th of the month or receipts are missing, the cardholder will have one month to resolve the issue. At the discretion of the Site Administrator, the card will be revoked if the issue is not resolved within the next month, or if there are reoccurrences of late statements or missing invoices.

In the event of any unallowable charges being charged to the card, the cardholder is responsible for contacting the vendor and having them issue a credit to the card. For the first occurrence, the cardholder will have one month to resolve the issue. At the discretion of the Site Administrator, the card will be revoked if the issue is not resolved within the next month, or if there are reoccurrences of unallowable charges. Cardholders must also refer to the cardholder agreement.

8. **Past due Invoices**- If disputed charges are submitted for payment after the original due date, all items mentioned above are required.
9. **Lost or Stolen Card** – It is the cardholder's responsibility to document the phone number to call in the case of a lost or stolen card. If a P-Card is lost or stolen you must immediately notify the bank that issued the P-Card (open 24 hours a day). Also, immediately notify the Site Administrator.
10. **Changes in Employment** - If a cardholder ends his/her employment with the Village of Lombard, the P-Card must be returned to the Site Administrator immediately. The cardholder is responsible for providing all outstanding receipts and related documents to their supervisor prior to ending employment. If a cardholder transfers to another department at the Village of Lombard, the new Department Head must approve future use of the card.
11. **Questions** – If you have any questions about how to make purchases with the credit card or regarding payment of charges, please contact the Site Administrator in the Finance Department.
12. **Education** – New cards shall be approved by the Village Manager and the applicable Department Head, and distributed by the Site Administrator. New cardholders are required to meet with the Site Administrator to discuss proper use of the card and billing procedures. Cards will be distributed when the educational session has been completed.