

**VILLAGE OF WINFIELD**

**PURCHASE CARD POLICY AND  
PROCEDURES**



December 17, 2015

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

**A. Introduction**

The Purchase Card Program is intended to streamline and simplify purchasing and payment procedures by consolidating supplier invoices and eliminating form processing. The purchase card issuer (PCI) is selected by Village personnel to process vendor payments on the Village's behalf. The Purchase Card Program is not intended to avoid or bypass appropriate procurement or payment procedures. Rather, the Program complements the existing processes available. The Purchase Card also gives personnel an opportunity to make practical decisions in obtaining products or services for which they are knowledgeable and reduces administrative burdens. Management information reports are available, enabling the Department Heads to improve management control and decision-making.

This Policy provides information about the process, the types of purchases that can and cannot be made, records that must be maintained and reconciled for each cycle, and a variety of other Program information.

The cardholder needs to remember that he/she is committing Village funds each time the purchasing card is used. This is a responsibility that should not be taken lightly. The cardholder is the person responsible for all charges made to the card. Intentional misuse or fraudulent abuse may result in disciplinary action up to and including dismissal and recovery of all unauthorized purchases.

**The card has no impact on the cardholder's personal credit. Although the card lists an individual's name, the card is actually issued to the Village of Winfield.**

The Finance Director is responsible for implementing the Purchase Card Program within the Village and is the Village's primary representative to the purchasing card vendor. This individual is responsible for card issuance, card cancellation, communicating to the purchasing card issuer, and monitoring cardholder usage.

Outline of Purchase Card Procedures:

1. Cardholder purchases product or service directly from supplier.
2. Supplier processes the order.
3. The PCI checks for compliance with applicable limits.
4. The supplier delivers the product or service.
5. The PCI arranges payment to the supplier.
6. The PCI provides access to online individual monthly statements for the Cardholders and a master statement for the Program Administrator to verify purchases.
7. The Village sends a single payment to the PCI.
8. The Village uses various management information reports to review and analyze spending.

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

**B. Policy**

Purchase cards shall be used for **official** Village of Winfield purchases only. Purchase approval and competitive bidding requirements must be in compliance with the Village of Winfield's Purchasing Policy. **The Village of Winfield is liable for authorized charges made using the card.** Use of the card for personal items is not permitted. Efforts should be made to use vendors who accept the purchasing card where appropriate in order to maximize administrative cost savings. If the employee has questions on the appropriate use of the Purchasing Card, the employee should contact the Program Administrator.

**C. Procedures**

1. Card Issuance

Purchasing Cards will be issued to individuals who have a need as determined by their Department Head and approved by the Village Manager. Examples of individuals requiring a Purchasing Card are:

- Anyone with authority to order supplies and materials.
- Anyone who has a demonstrable need for the card to avoid spending personal funds on Village business and later being reimbursed by the Village.
- Anyone who needs to make frequent purchases while away from their usual work location.

The ideal Cardholder will meet all criteria. Former employees and non-employees such as contractors, are not eligible to obtain purchasing cards.

To obtain a Purchasing Card:

1. Obtain an Application/Acknowledgement Form from the Purchasing Card Program Administrator (Finance Director). See Appendix A-1 for a sample Application/Acknowledgement Form.
2. The employee must complete the application including the Department Head's signature.
3. Send the completed application with original signatures to the Finance Director. **The application should be accompanied with a memorandum from the Department Head recommending the appropriate Card Profile to be applied.**
4. Attend a training orientation and receive the Purchasing Card. The Purchasing Cards are issued with the name of the Cardholder and the Village of Winfield names embossed on the front.

2. Card Profiles

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

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: = \$2,500
  - Merchant category group restriction: authorized list of approved vendors
  - No cash advances permitted
  - Travel/Entertainment Restriction: no travel or entertainment charges allowed. (Employee)
  
- Profile B:
  - Maximum dollar limit per month = \$5,000
  - Merchant category group restriction: none
  - No cash advances permitted
  - Travel/Entertainment Restriction: no travel or entertainment charges allowed. (Employee)
  
- Profile C:
  - Maximum dollar limit per month = \$10,000
  - Merchant category group restriction: none
  - No cash advances permitted
  - Travel/Entertainment Restrictions: travel and entertainment charges permitted. (Supervisor/Department Head)
  
- Profile D:
  - Maximum dollar limit per month = \$50,000
  - Merchant category group restriction: none
  - No cash advances permitted
  - Travel/Entertainment Restrictions: travel and entertainment charges permitted. (Village Manager)

Department Heads may elect Cardholder restrictions from the following available options:

- 1. Monthly Dollar limits per Cardholder:** This limit allows Department Heads to designate the total amount an employee can spend during the monthly billing cycle. A running balance is maintained by the PCI that increases with each authorized charge until the Cardholder reaches the assigned monthly limit. If the limit is reached before the end of the billing cycle, new attempts for authorization are denied.

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

3. Cancellation of Card

- Cardholders must return the Purchase Card to the Village Program Administrator immediately upon request or upon termination of employment.
- It shall be the responsibility of the Department Heads to ensure all cancelled cards are collected from the employee prior to the employee leaving and forwarded to the Program Administrator to be destroyed.
- It is imperative the Cancellation Form Appendix A-4 (obtained from Program Administrator) be processed in an expedited manner.

4. Changes

The Village Program Administrator must be contacted when changes need to be made to existing purchasing cards. If a new purchasing card needs to be issued, the Cardholder should receive the replacement card in 7-10 business days. The old card, unless it is lost, must be turned in to the Program Administrator before the replacement card will be issued. The Department Head should utilize the Program Maintenance Worksheet (located at Appendix A-2) to:

- Make name changes,
- Change mailing address,
- Increase or decrease spending limit/restrictions,
- Card replacement, or
- Change accounting information contained on the card's magnetic tape.

The Program Maintenance Worksheet should be provided to the Village Program Administrator to effect the changes. The approximate time to complete a change is 3 to 5 business days after receipt by the PCI. Requests can be communicated to the PCI at (800) 221-5920 by the Village Program Administrator.

5. Purchasing Card Security

Authorized use of the Purchasing Card is limited to the person whose name appears on the face of the card. The Purchasing Card must not be loaned to another person; however, the Card may be used to make purchases for an employee in the department.

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

The Purchasing Card, or any document containing the card account number, should be kept in an accessible but secure location. The account number on the purchasing card should not be posted or left in a conspicuous place.

If the Purchasing Card is lost or stolen, the Cardholder must immediately notify the Village's Program Administrator **and** the PCI at (800) 221-5920.

The Village is liable for the use of the Purchasing Card by authorized users, provided that the use is within the applicable transaction dollar limit. The Village of Winfield does not accept liability for the following:

- Unauthorized use of the Purchasing Card.
- Account numbers that are fraudulently used.
- Purchases made with stolen or lost cards that are beyond the maximum limit of \$50, and after discovery and reporting to the PCI of card loss or theft.  
**Exception: If the PCI investigation finds the employee used the card for personal gain the Village becomes liable.**

#### 6. General Requirements for Card Use

Department Heads shall require Cardholders to maintain a Transaction Log Worksheet (Appendix A-3) of the purchases to allow monitoring of spending limits and reconciliation of purchasing activity to the monthly purchase and statement. A new Transaction Log Worksheet should be established at the beginning of each new billing cycle. To use the Purchasing Card, the Cardholder should take the following steps:

- 1) Identify a vendor that sells the goods and services needed.
- 2) Call, go on-line, or go to the vendor's place of business and place the order.

#### 7. Ordering Procedures

- Information to provide a supplier:
  - Provide the vendor with Cardholder name and card number.
  - Expiration date of the Card.
  - Remind the supplier that the Village is exempt from Sales Tax. The vendor will verify the account number with the PCI. The spending limit will be checked electronically for compliance with applicable limits.
  - Business ship-to address.
  - Preferred methods of shipment, i.e., FOB Destination, freight prepaid and allowed.

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

- **Please Note: The purchasing card number should not appear anywhere on the exterior of the package. This number is CONFIDENTIAL!**
- Record order on Transaction Log Worksheet for reconciliation when receiving the goods and matching to the charge card statement.
- Information to obtain from supplier:
  - Order confirmation or tracking number.
  - Base cost of purchase.
  - Anticipated delivery date.
  - Freight cost, if available.
- Retain all documentation pertaining to the purchase. When the vendor delivers the order, or the order is picked up, documentation of the purchase (such as sales receipt or packing slip) should accompany the order. The documentation must be kept on file by the Cardholder for reconciliation to the purchasing card statement.
- Enter the purchase information in the Cardholder's purchasing log worksheet. The Transaction Log Worksheet will be designed to meet the needs of the department. The Transaction Log Worksheet should contain, but not be limited to, the following information.
  - Department name
  - Cardholder name
  - Account number of purchasing card
  - Date of purchase
  - Vendor name
  - Description of purchase
  - Amount of purchase
  - Account number to charge
- Returns, Credits and Disputed Items

In most cases, disputes can be resolved directly **between the Cardholder and the vendor** that provides the goods and services. The Cardholder must use the following guidelines when returning an item or for other disputed items such as sales tax charged:

  - If an item needs to be returned for any reason, the Cardholder should send the item back to the vendor in the manner agreed upon.

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

- 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 re-order the correct material.
- **Cash refunds are not allowed under any circumstances!!**
- Call the supplier as soon as possible. Promptness is important.
- Obtain supplier's Return Authorization Number, i.e. approval to return.
  - Information to give to supplier:
    - Card Number
    - Name
    - Phone number
    - Confirmation number/packing slip number
- The vendor should issue a credit for items that are returned or for sales tax inadvertently charged. This credit will appear on a subsequent charge card statement.
  - Confirm that the supplier will issue the credit to the purchase card. This should be an outstanding item on the Transaction Log Workset until the credit appears on the monthly charge card statement.
- If the cardholder and the vendor cannot resolve an issue, the Cardholder should dispute the charge in writing to the PCI by faxing a completed dispute form (available on First Midwest EzBusiness online system) with a copy to the Finance Department. The PCI will process and investigate the dispute on the Cardholder's behalf and assist in the resolution. A temporary credit will be issued pending final resolution.
- If there is still a problem, contact the department head or the Finance Department.

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

8. Charge Card Statement Reconciliation

- Department Procedures

1. Overview:

- The Purchasing Charge Card billing cycle is approximately 25 days in length.
- The statements are available for viewing and download on EzBusiness approximately three to five days after the cut-off date. The Finance Department will be responsible for downloading the statements and distributing to the appropriate Department for reconciliation.
- Cardholders record transactions and attach appropriate receipts to the Transaction Log Worksheet. The Department Head signs the Worksheet to document review and approval. The Village Manager and Finance Director are both required to sign the Transaction Log Sheet of the Finance/Administration Department.
- Department Head forwards the Worksheet and supporting documentation to Finance Department. **No later than the 7<sup>th</sup> of the month following the end of the billing cycle.**

2. Reconciliation Procedures:

The department is responsible for retaining documentation of purchases and returns and reconciling them to the monthly Transaction Log Worksheet. The following guidelines are recommended for reconciliation:

- The Cardholder shall be required to retain a receipt, invoice or other appropriate supporting documentation for each and every purchase made on the credit card.
- The Cardholder will match and attach all such receipts to the Transaction Log Worksheet in the same order as the transactions appear on the statement and sign and date the statement, and notate on the report, “okay to pay.”

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

- The department head will review the cardholder's Transaction Log Worksheet, make the appropriate changes (account numbers), initial with authorized signature and forward all information to the **Finance Department by the 7<sup>h</sup> of each month**. Continued delinquencies in forwarding statements to the Finance Department **shall** result in the loss of credit card privileges.
  - The Cardholder's Transaction Log Worksheet must be signed by the Cardholder; reviewed, approved and signed by the Department Head.
- If at any point a Cardholder, Department Head or Finance Department employee identifies an issue that would otherwise cause the Village to be paying the wrong amount to the PCI, it is imperative that communication be initiated to all appropriate personnel involved in the process.
- All supporting documentation pertaining to the purchases and returns on the statement should be kept on file with the Purchasing Log Worksheet until disposition in accordance with Village policies.

### 3. Discrepancies

- Discrepancies should be noted on the Transaction Log Worksheet for subsequent resolution. It is the Cardholder's responsibility to first work with the applicable vendor, then directly with the PSE in order to resolve the issue with temporary credits issued during pending investigation by the PCI.
  - All unresolved issues should be brought to the attention of the Department Head and if necessary, then to the Finance Department.

### 9. Charge Card Statement Payment Guidelines

- **Finance Procedures**

The Finance Department is responsible for processing payments to the PCI. The following guidelines must be observed when processing payments:

- Upon receipt of the monthly invoice the Finance Department will reconcile all of the Transaction Log Worksheets to the master statement.

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

- Upon receipt of supporting documentation and reconciliation to the invoice (completeness, accuracy), the supporting documentation will be attached to the invoice and filed accordingly.
- Such supporting documentation should be received by the 7<sup>th</sup> of the month in which the statement is received. For those departments that do not meet such timelines, appropriate follow-up should be conducted by the Program Administrator with continued delinquencies of the department resulting in the loss of credit card privileges.
- An annual analysis will be performed by the Program Administrator that will compile the following information using the PCI reports as appropriate detail.
  - Total volume of transactions and dollar amount of transactions for which a credit card was used.
  - Top vendors by volume of transactions report generated (to be used to identify vendors that may be subject to credit card purchases).
  - Comparison of credit card purchases to non-credit card purchases analysis by volume of transactions and by dollar of transactions with trend analysis performed in subsequent years.
- The payment due date is established by the terms of the contract with the PCI. The due date will be based upon the cycle date selected by the Village. The PCI must receive payment within 25 days after the statement cycle date.

#### **D. Management Information**

##### Management Information Reports

The PCI provides Departments detailed management information reports that enable the Village to monitor Cardholder usage, policy compliance, and frequency of vendor usage. This information is available on the web based EzBusiness tool, including some of the following administrative tools:

- Search, view and download transaction details
- Download statements
- View cardholders
- Order new cards
- Close cards

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

---

- **1099 Reporting**

Payments made to vendors using the purchasing cards may be subject to 1099 reporting. The Finance Department is responsible for adding 1099 reportable payments to individual vendor payment totals for proper 1099 reporting.

- **Internal Controls**

Department Heads must develop and document internal control procedures to ensure that all approved monthly statements are turned into Finance by the 7<sup>th</sup> of each month. The department procedures must:

- Ensure the Transaction Log Worksheets have been reviewed and approved by the Cardholder's supervisor and that the appropriate expense accounts have been charged.
- Ensure unacceptable materials and incomplete services are documented on the Transaction Log Worksheet and the purchaser took the appropriate corrective action with the vendor
- Ensure the original payment processing documents are sent to the Finance Department and a copy is maintained in a department file for audit purposes.
- The Finance Department will perform "spot" post-audits of charge card transaction activity to ensure compliance with the procedures contained herein

- **Records Retention**

Records should be maintained for a period of seven years after final payment.

---

**First Midwest Bank/Village of Winfield  
APPLICATION/ACKNOWLEDGEMENT FORM**

Your use of the First Midwest Bank Village Purchasing Card issued to you is subject to the following terms and conditions. You must comply with the terms and conditions as part of the terms and conditions of your employment.

1. You are being entrusted with a valuable tool – a Village purchase card – and will be making financial commitments on behalf of the Village. You should strive to obtain the best value for the Village by using existing Village and State Contract suppliers where possible.
2. You understand the Village is liable to First Midwest Bank for all charges made on the purchase card.
3. You must use this purchase card for approved purchases only and must not charge personal purchases. The Village will audit the use of this purchase card and report and take appropriate action on any discrepancies.
4. You must follow the policy and procedures in the Village Purchase Card Policy and Procedures document established by the Village for the use of the purchase card. Failure to do so may result in either revocation of your use privileges or other disciplinary action, including termination of employment.
5. You will be given a copy of the Village Purchase Card Policy and Procedures document. You are required to read and follow the requirements of the purchasing card use.
6. You must return the purchase card immediately upon request or upon termination of employment (including retirement). Should there be any organizational change which causes your cost center to change, you must return the purchase card and arrange for a new one, if appropriate.
7. If the purchase card is lost or stolen, you must notify the Village Purchasing Card Program Administrator and First Midwest Bank at 1-800-221-5920 immediately.
8. The Village or First Midwest Bank may change the purchase card terms and conditions or its policy and procedures concerning the use of the purchase card and you must comply with those changes. Any changes will be accomplished by Addendum to the Village Purchase Card Policy and Procedures document.

As the employee being issued the purchase card, I have read and understand the terms and conditions stated above.

Employee name:

Department name:

\_\_\_\_\_

\_\_\_\_\_

Employee signature (print and sign)

\_\_\_\_\_

Date

Phone:

As the employee's Department Head, I acknowledge that I am responsible to ensure that the employee abides by the above conditions. I am responsible for taking appropriate action in situations involving misuse of the purchase card. I am responsible for notifying the Village Purchasing Card Program Administrator to cancel the purchase card if the Cardmember is terminated for any reason, or if the Cardmember transfers to another Department within the Village. I am also responsible for making certain that any reports I receive are checked for accuracy.

Cardmember Department Head name \_\_\_\_\_

Cardmember Department Head Signature (signature required) \_\_\_\_\_

The Village of Winfield  
Purchase Card Policy & Procedures  
December 17, 2015

A-2

**First Midwest Bank Purchasing Card PROGRAM MAINTENANCE WORKSHEET**

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Control Account #: \_\_\_\_\_

**Part I: CARDMEMBER INFORMATION** (complete all information in this section)

Date: \_\_\_\_\_ Name of Company: \_\_\_\_\_

Cardmember Account #: \_\_\_\_\_ Business Mailing Address: \_\_\_\_\_

Name of Cardmember \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip \_\_\_\_\_

**Part II: MAINTENANCE**

**Name Change**

Cardmember name as it appears: \_\_\_\_\_ Cardmember name as it should appear: \_\_\_\_\_

**Address Change**

Current Business Mailing Address:

New Business Mailing Address:

**Permanent Limit/Restriction Changes**

Type of limit	Increase	Decrease	Amount
Type of limit	Increase	Decrease	Amount

Add or delete: \_\_\_\_\_

Type of restriction: \_\_\_\_\_

**Temporary Limit/Restriction Changes**

Type of limit	Increase	Decrease	Amount
Type of limit	Increase	Decrease	Amount

Dates from: \_\_\_\_\_ To: \_\_\_\_\_

Type of restriction: \_\_\_\_\_

**Card Replacement**

Lost	Stolen	Not Received
Embossing Error		Mutilated

Comments: \_\_\_\_\_

**Cancellation Reinstatement**

Cancellation	Reinstatement
Other	Reason:

**Account Transfer**

From: \_\_\_\_\_ To: \_\_\_\_\_

Account Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

Cardmember Name: \_\_\_\_\_ Cardmember Name: \_\_\_\_\_

The undersigned hereby requests a name change be effected and a Corporate Purchasing Card be issued as indicated herein and renewed and replaced until the undersigned gives notice to cease. By requesting the name change, the undersigned understands that First Midwest Bank will cancel any outstanding Corporate Purchasing Cards issued under the former name. Undersigned further agrees to destroy such Cards issued under the former name.

Send to:

Village of Winfield Finance Department  
(630) 933-7100

Signature: \_\_\_\_\_



**First Midwest Bank/Village of Winfield  
Purchasing Card Cancellation Form**

Cardholder Name: \_\_\_\_\_

Account Number: \_\_\_\_\_

Requestor's Name: \_\_\_\_\_  
(if different than cardholder)

Reason for cancellation:

\_\_\_\_\_ Termination of employment

\_\_\_\_\_ Loss of purchasing card privileges

\_\_\_\_\_ Other: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please submit completed form to the Program Administrator.

Approved: \_\_\_\_\_  
Program Administrator

Date: \_\_\_\_\_

E-mail completed form to: **lmccammon@villageofwinfield.com**. Print a copy of the sent file and retain with cardholder file.