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| Title: PURCHASING CARD POLICY |
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| Subject: FINANCIAL AFFAIRS | Page: 1 of 6 | Policy Number: 02.40.00 |
| Category: DISTRICTWIDE POLICY | Approval Date: 01/22/2015 | Last Revised Date: 09/30/2021 |

POLICY STATEMENT:

The Forest Preserve District of Cook County (the “District”) has set forth this policy to govern all District purchasing cards. This policy is established to provide a means with which to make purchases and, at the same time, reduce the costs associated with initiating and paying for those purchases.

PURPOSE:

The purpose of the Purchasing Card Policy is to provide an efficient, cost effective, secondary purchase option for small purchases in the case of an immediate need to allow departments to purchase goods and services directly from vendors when those items are needed, but is not practical to pay by check or cash when payment is demanded. This policy eliminates the need for petty cash at any District property.

AFFECTED AREAS:

This policy applies to all purchasing card holders and District employees.

In using the Purchasing Card and/or making any purchases with District funds, all staff have a duty to comply with the Purchasing Card Policy as well as all applicable laws, rules, regulations and policies. In addition, our fiduciary duty to the District requires all employees to be alert for any indication of fraud or improper conduct within their areas of responsibility. This means that Department Heads and supervisors have a duty to conduct appropriate oversight over the use of the Purchasing Card and/or any other purchasing activity. Any suspected fraud or misconduct with respect to District purchases should be reported to one’s supervisor, the Compliance Director, and/or Office of the Independent Inspector General. Employees who violate the Policy and/or any other applicable laws and rules using the Purchasing Card or otherwise making purchases on behalf of the District may be subject to disciplinary action and/or other penalties.

Employee violation of this policy may lead to disciplinary action, up to and including termination, in accordance with the applicable law, rule or collective bargaining agreement. Employees who violate this policy: **(1)** may be subject to legal action as appropriate; and, **(2)** may also be accountable for any questionable expenditure.

DEFINITIONS:

Purchasing Card: A debit card, charge card, and/or credit card, issued to an employee of the District for the purpose of making authorized purchases on the District behalf.

PROCEDURE/PROCESS:

- A. **Letter of Justification:** When requesting a purchasing card, the Department Head should provide justification for the prospective cardholder to the Chief Financial Officer.
- B. **Allowable Purchases:** Small dollar purchases, including:
 - 1. Parking, public transportation and taxicabs for District business needs (*meetings, etc.*);
 - 2. Vehicle expenses that cannot be reasonably done by District staff and/or with District goods or supplies (*such as emergency repairs, remote purchase of fuel, car washes, etc.*)
 - 3. Repair materials and supplies for immediate repairs where time is of the essence;

4. Items such as supplies, food items, perishable goods, snacks, ice, water, etc., less than \$50.00 for the direct benefit of District users, District volunteers, and/or District program participants, and not for primary benefit of District employees. A written description of the purchase and the program it supports is required;

C. Allowable Purchases with Pre-Approval:

1. Food items for Board of Commissioners, the Conservation & Planning Council, and Next Century Conservation Plan related meetings are allowed and are to be pre-approved by the Chief Financial Officer or General Superintendent, or his/her designee,
2. Overnight travel expenses (*i.e. conferences, workshops, seminars, training, etc.*) must be authorized by the Department Head and then pre-approved by the Chief Financial Officer (*more information is found in the Employee Travel Policy*).
3. Food items, perishable goods, snacks, ice, water, etc., for any amount for the primary benefit of District employees must be pre-approved by the Chief Financial Officer and the General Superintendent, and/or his/her designee.
4. Purchase of Gift Cards of any kind including those to be used for recognition gifts for volunteers.
5. Large appliances (*such as refrigerators, washers, dryers or dishwashers*) for staffed locations must be pre-approved by submitting a quote to the Chief Financial Officer.
6. Small appliances (*such as coffeemakers or microwaves*) for pavilion or public hospitality use but not for staff kitchen areas.
7. IT related hardware, programs, and devices over \$50 must be pre-approved by the IT Manager or Chief Financial Officer.

D. Purchases Not Allowed: Limits can be placed on the types of purchases that may be made through Merchant Category Code (MCC) blocks. A Merchant Category Code is a four-digit number used by the bankcard industry to classify or limit businesses that accept charge cards. The District has implemented this transaction limitation function to prevent a charge card from being used to purchase restricted goods and services. (*See Appendix A*)

Below is a listing of expenditures that are not considered appropriate when conducting District business. This listing is not intended to be exhaustive. If you are in doubt or have a question, discuss with your Department Head or the Chief Financial Officer. If a Department Head believes that a certain type of restricted expenditure is absolutely critical, prior written approval from the Chief Financial Officer will be required and is to be included with the supporting documentation for payment.

The following are examples of restricted expenditure types:

1. Meals, food, and/or food supplies for *employee only* meetings, training sessions, events, holiday parties, and birthdays, unless expressly approved in advance by the Chief Financial Officer, and the General Superintendent, and/or his/her designee;
2. Cash Advances, Gifts, Flowers, Gift Cards, Sponsorships, Donations, Non-Work-Related Items, Office decor items unless related to public areas or were pre-approved by the Chief Financial Officer and the General Superintendent, and/or his/her designee;
3. Alcoholic beverages, tobacco products, illegal/legal and controlled substances;
4. Entertainment/recreational activities unless related to specific programs serving the public and subject to prior approval by the Department Head;
5. Appliances (*e.g., microwaves, refrigerators, coffee makers*): *See exceptions in Allowable Purchases with Pre-Approval section*;
6. Kitchen textiles and equipment (*e.g., napkins, cups, utensils used in break rooms and only for District employee usage*);
7. Traffic citations/parking violations/fines and penalties;
8. Vehicle expenses, that can reasonably be done by District staff and/or with District goods and supplies including maintenance, repairs and fuel;

9. Capital equipment or construction, including all tools, equipment and furniture that are part of the tagged inventory system;
 10. Software and related licensing agreements, unless approved in advance by the Chief Financial Officer;
 11. Equipment of Telecommuting Purposes: IT device purchases over \$50.00 (*for a single item*). Devices over \$50.00 are to be pre-approved by the IT Department.
 12. Professional or trade licenses required for employment, unless expressly stated in bargaining agreements or approved in advance by the Chief Financial Officer, the Chief Attorney, and the General Superintendent, and/or his/her designee;
 13. Supplies and materials for which the District has a contract to purchase or vendors we repeatedly purchase from, unless it is deemed to meet an immediate operational need by Department Head; and,
 14. Any other item deemed inappropriate/unnecessary for conducting District business.
- E. Expenditure Limits:** No individual purchases are allowed for over \$750.00. A monthly dollar limit and transaction number limit for the 30-day billing cycle will be determined by the Department Head and the Finance Department when the card is issued (*any exceptions are noted when purchasing cards are issued*). Temporary or changes to limits can be made by the Finance Department. Permanent changes in limits must be approved by the Chief Financial Officer.
- F. Tax-Exempt Status:** District purchases of tangible goods are exempt from State Sales Tax (some services such as Parking, Rental Cars, and Hotels are not eligible for tax exemption), and every effort needs to be made to ensure that expenditures do not include Sales Tax. Tax exempt certificates are available through the Finance Department. In addition, the District tax exempt FEIN number will be printed on the face of each Purchasing Card. If the cardholder does not ensure their purchase is exempted from the Sales Tax charge, the cardholder may be personally responsible for remitting the Amount of Sales Tax to the District.
- G. Supporting Documentation:** Each purchase shall be substantiated by the following supporting documentation:
1. Original receipts are required for all expenses. They should include vendor name, date of purchase, individual items itemized with exact dollar amounts and a brief explanation of what the items will be used for (*ex. Name of building the part is being used at; programming purpose, etc.*) See guidelines for more details on documentation.
 - a. In the case of supplies, snacks, perishable goods, ice, water, etc., each receipt must identify the District Program, date of the Program activity, District users, volunteers, and/or District program participants that directly benefited from the purchase (*number of recipients or sign-in sheets are suggested*).
 - b. Receipts for travel expenditure follow Employee Travel Policy guidelines.
 2. Expenses that require pre-approval by the Chief Financial Officer must have the pre-approval email attached.
 3. Cardholder signature which also acknowledges the business appropriateness of the expenditure.
 4. Written approval of the total statement is required from the cardholder's Department Head or their Deputy. Approval signatures must be original (*copied/stamped approvals are not acceptable*). Approval can only be delegated to other Department Heads, the Chief Financial Officer, the Deputy General Superintendent, and/or the General Superintendent. Approvals for Department Heads' statements can be done by the Chief Financial Officer, General Superintendent, Deputy General Superintendent or Finance Department representative.
 5. All supporting documentation must be submitted to the Finance Department within ten (10) days after receipt of the individual expense summary worksheet.
 6. If original receipts and/or supporting documentation are unavailable, the cardholder must provide a written explanation in the form of a memorandum to the Department Head to be forwarded to the

Chief Financial Officer; however, at the discretion of the General Superintendent, and or his/her designee, the cardholder may be responsible for any charges which do not have the appropriate supporting documentation. Failure to follow this policy repeatedly will be a violation of District policy and may result in suspension of card or other disciplinary action.

H. Financial Review: The Finance Department will review all Purchasing Card expenditures to ensure compliance with this policy and that expenditures are being properly documented processed and paid.

Procedures will include the following:

1. **Expenditure Utilization:** Review spending by type of expenditure and also by dollar amount to determine excessive spending and/or questionable categories of expenditures;
2. **Individual Utilization:** Review spending by individual employee to identify any questionable expenditure and/or spending habits; and,
3. **Analytical Review:** Compare Purchasing Card expenditures for current time period to prior periods and actual expenditures to budgeted ones to identify unusual spending and/or unexpected trends.

I. Exceptions: Any potential exception/exemption from any component of this policy must be discussed in advance of purchase with the Chief Financial Officer for consideration.

RESPONSIBILITY:

Finance & Administration Department: The Finance & Administration Department shall: **(1)** have overall responsibility for the Purchasing Card Policy and Program; **(2)** maintain the database of cardholders; **(3)** serve as the liaison for all financial institutions; **(4)** manage the monthly invoice review and approval process; **(5)** request new cards/discontinue cards not in use; **(6)** collect monthly Purchasing Card Transaction logs from the cardholders; **(7)** review monthly account statements and retain receipts; and **(8)** review all Purchasing Card expenditures to ensure compliance with this policy and that expenditures are being properly processed and paid.

Department Heads: District Department Heads, and other senior staff shall: **(1)** comply with this policy; **(2)** ensure all authorized signatures are present and legible on all documents and ensuring all supporting documentation is attached; **(3)** approve appropriateness of purchases on monthly account statement reports; **(4)** ensure cardholders and designated purchasers under their purview comply with the rules and regulations of the program and policy; **(5)** be responsible for the use of the cards by their department; **(6)** make sure that any charges are authorized for District expenditures and that adequate monies are available within the department's approved budget; **(7)** ensure delegation of review is not allowed; and **(8)** ensure that purchasing cards are not loaned out to others without authorization.

Internal Auditor: The District Internal Auditor shall perform periodic audits to review compliance with the District current purchasing process and Purchasing Card Policy.

Card Holders: All District employees that are given a District purchasing card shall: **(1)** comply with this and/or any other District policy or ordinance; **(2)** sign an "*Acknowledgement Agreement or Survey*" annually indicating that they have received a District issued purchasing card and have read, understand and accept the terms of this policy; **(3)** responsibly control the use of the Purchasing Card assigned to them; and **(4)** Notify the Finance Department immediately if card is misplaced, lost or stolen, or if you suspect fraudulent activity.

TRAINING REQUIREMENTS:

1. All Department Heads and purchasing card holders shall be trained on this policy.

COMMUNICATION PLAN:

1. This policy should be distributed to all appropriate and necessary employees.
2. This policy should be added to the District shared drive, intranet, and website.
3. Surveys or signed agreement forms reminding District employees of usage policy and documentation requirements will be done by the Finance & Administration Department annually.

REFERENCES:

Forest Preserve District of Cook County

Receipts of Money
(FPDCC Code Section 1-8-1)

Forest Preserve District of Cook County

Contracts & Purchases
(FPDCC Code Section 1-8-2)

Cook County Personnel Rules

Rule 8: Conduct and Discipline of Personnel

Forest Preserve District of Cook County

Employee Handbook; Rules of Conduct

Forest Preserve District of Cook County

Employee Travel Policy

POLICY LEAD:

Stephen Hughes
Chief Financial Officer

APPROVAL:

Eileen Figel
Deputy General Superintendent

POLICY HISTORY:

Approved: 01/22/2015

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If you have questions, comments, or suggestions concerning District policies, please contact:

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Appendix A:
FOREST PRESERVES OF COOK COUNTY
MCC CODES-EXCLUSION LIST

(Refer to the Policy for Other Purchases Not Allowed)

| MCC- Merchant Category Codes & Numbers | Description |
|--|---|
| 4119 | Ambulance service |
| 4411 | Steamship Cruise Line |
| 4722-4723 | Travel Agencies/Other Travel/Package Tour Operators |
| 4821-4899 | Telegraph service/ Cable TV Services |
| 5681 | Furrier/Fur Shops |
| 5698 | Wig & Toupee Shops |
| 5813 | Bars & taverns |
| 5921 | Beer/Wine/Liquor |
| 5944 | Jewelry Stores |
| 5971-5993 | Cigar Stores /Stands |
| 6010-6300 | Manuel ATM/Cash/Courtesy Checks/Financial Services, ex: Insurance or Securities |
| 6513 | Real Estate Agents & Manager Rentals |
| 6532-6533 | Payment Service Provider- member payment transaction/merchant payment transactions |
| 6538-6540 | Injury Casualty, funding |
| 7297 | Massage Parlors |
| 9754 | Gambling- Horse racing, Dog racing Lotteries |
| 4829 | Wire Transfers |
| 7995 | Betting Track/Casino/Lotto |
| 6300-6760 | Overpayment savings bonds, Financial Services- Insurance Sales, underwriting or Security Brokers /Dealers |
| 4829 | Wire Transfer money orders |
| 6760 | Savings Bonds |
| 5976 | Orthopedic goods |