

RESOLUTION 2023-012

PASSED: JANUARY 23, 2023

**AMENDING THE CITY OF DEKALB, ILLINOIS PURCHASING MANUAL TO
ADD A PROCUREMENT CARD POLICY.**

WHEREAS, the City of DeKalb (the "City") is a home rule unit of local government and may exercise any power and perform any function pertaining to its government and affairs pursuant to Article VII, Section 6, of the Illinois Constitution of 1970; and

WHEREAS, the City's corporate authorities find that it is in the City's best interests for the protection of the public health, safety and welfare to amend the "City of DeKalb Purchasing Manual" to include a "Procurement Card Policy" to regulate purchases made on the City's behalf as set forth in Exhibit A attached hereto and incorporated herein; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF DEKALB, ILLINOIS:

SECTION 1: The City's corporate authorities adopt and approve the Purchasing Manual Addendum: Procurement Card Policy in the same or substantially form as Exhibit A attached hereto and incorporated (the "Procurement Card Policy"), and further authorize and direct the City Manager to take all actions which may be necessary to effect the Procurement Card Policy.

SECTION 2: This resolution and each of its terms shall be the effective legislative act of a home rule municipality without regard to whether such resolution should (a) contain terms contrary to the provision of current or subsequent non-preemptive state law, or (b) legislate in a manner or regarding a matter not delegated to municipalities by state law. It is the intent of the corporate authorities of the City of DeKalb that to the extent that the terms of this resolution should be inconsistent with any non-preemptive state law, that this resolution shall supersede state law in that regard within its jurisdiction.

SECTION 3: This resolution shall be in full force and effect from and after its passage and approval as provided by law.

PASSED BY THE CITY COUNCIL of the City of DeKalb, Illinois at a Regular meeting thereof held on the 23rd day of January 2023 and approved by me as Mayor on the same day. Passed by an 8-0 roll call vote. Aye: Morris, Larson, Smith, Perkins, McAdams, Verbic, Faivre, Barnes. Nay: None.





COHEN BARNES, Mayor

ATTEST:



Ruth A. Scott, Executive Assistant

Addendum: Procurement Card Policy

Adopted: January 23, 2023

Purpose: The purpose of this policy is designed to establish procurement card (credit card) procedures for all City departments purchasing goods and services on behalf of the City of DeKalb. When used with good judgment and common sense, the policies and procedures conveyed herein will allow the City to obtain required supplies and services efficiently and economically. This policy intends to accomplish the following:

1. Ensure procurement with credit cards is accomplished in accordance with the ordinances and rules established by the City.
2. Ensure appropriate internal controls are established within each department utilizing credit cards, thus ensuring they are used only for authorized purposes.
3. Ensure the City bears no legal liability from inappropriate use of credit cards.
4. Provide a source of funding for City purchases when a purchase order is not a viable option.

Employees using procurement cards are expected to read, understand, and acknowledge this policy. This document may be modified from time to time to conform to changes in legislation, technology, and actual practice. Although it may not answer every question related to purchasing practices, it does provide general guidelines for the use of City issued credit cards. Employees who need help dealing with specific situations not covered by the policy should contact the Finance Department.

Scope

This policy is applicable to all City departments who have authorized employees to use credit cards to purchase goods, or for specific expenditures incurred under conditions approved by this policy. The decision of when a credit card is issued, and to whom, will be determined by the Department Director along with the Finance Director.

General Information

Issuance of Procurement Card

1. The Department Head will complete and sign the Request For/Change Procurement Card form and submit it to the Finance Director.
2. The procurement card will have the Department name listed on the card, except for the cards currently issued to the City Manager and Transit Manager which will have their name listed.
3. Each Department Head with a department card shall annually, around January 1, submit a list of current authorized users of the card to the Finance Director. Each authorized user

will be required to review this policy and sign the Purchasing Card User Agreement.

Department/Cardholder Spending Limits

1. Each card will have a monthly maximum spending limit; monthly statement cycle is approximately the 27th of the month through the 26th of the following month. Each department is required to monitor monthly purchases and stay below the card limit.
2. The card's monthly limit is determined by the Finance Director. If an increase is needed, the Department Head will complete and sign the Request For/Change Procurement Card form and submit it to the Finance Director. The Finance Director will authorize an increase in these limits if the need is justified.

Card Restrictions

1. The City credit card is not a personal credit card and always remains the property of the City. The credit card is to be used for City business only as all outstanding charges on the card are the liability of the City.
2. The City credit card shall not be used for personal identification nor as a personal credit reference.
3. The City credit card shall not be used to purchase alcoholic beverages.
4. Cash advances are not allowed.
5. All items purchased, whether in-person, by phone, fax, or internet must be documented by an invoice. Such documentation should display the vendor, date of the purchase, quantity, description, and cost of item(s).
6. The City retains the right to cancel the credit card at any time. Cards may be revoked for misuse or non-compliance of procedures.

Authorized User Responsibility

1. It is the responsibility of each authorized user of a City credit card to know and comply with the procurement card policy as well as those of the department/division.
2. Department Director or individual assigned must sign the back of the credit card upon issuance.
3. When not in use, cards must be secured in a locked location with limited access. For some departments, this may be the Department Director or their designee.
4. The credit card is for City purchases only. The card cannot be used for personal purchases with the intent of reimbursing the City at a later date.
5. For cards issued to individuals, only the employee whose name is embossed on the card may use the credit card. No other person is authorized to use the card. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder.

6. The City of DeKalb is tax exempt; therefore, Illinois sales tax should not be charged. The cardholder is responsible for notifying the merchant, when applicable, the purchase is exempt and ensuring such taxes are not added to the prices of items purchased. If taxes are inadvertently charged, it is the responsibility of the department/cardholder to obtain a refund.
7. It is the responsibility of the authorized user to know and comply with the purchasing and travel policies of the City and to make purchases in accordance with these policies. Attempts to circumvent the policies shall be considered misuse and the violating user shall be subject to disciplinary action.
8. It is the responsibility of the authorized user to submit all itemized receipts to the Department Director or their designee.

Documentation

For each credit card purchase, an original itemized receipt or invoice must be obtained. The amount of the receipt shall correspond to the amount of the transaction; receipts shall not be split to circumvent any transaction limit or to use another method of payment for part of the transaction. The documents will later be used to verify the purchases shown on the cardholder's statement.

1. When a purchase is made over the counter, the authorized user is to obtain a customer copy of the itemized charge slip, which will be attached to the AP invoice entry in BS&A.
2. When making purchases by phone, the authorized user shall request that a detailed packing slip be included with the items sent. If items are backordered, the City may not be charged until delivery of the merchandise.
3. When making purchases online, the authorized user shall ensure the internet vendor has a secure site. The address window must start with https:// and contain a "lock icon" on the webpage. When placing an order over the internet, the authorized user must confirm the merchant will charge the credit card only when shipment is made. The authorized user shall request a detailed packing slip be included with the items sent. If items are backordered, the City may not be charged until delivery of the merchandise. The authorized user must print a copy of the online sales receipt at the time of the online purchase for reconciliation with detailed packing slip and attach to the AP invoice entry in BS&A.
4. Supporting documentation (the receipt or invoice) shall include the following information:
 - a. Merchant name
 - b. Date of transaction
 - c. Amount of transaction
 - d. Delivery location when applicable
 - e. Itemized descriptions of the items and services purchased
 - i. If the receipt only includes the total purchase amount, the authorized user shall attach a detailed invoice, packing slip, or other documentation with the

detailed information.

- ii. For meals, the itemized receipt must be included showing details of meal cost, tip, etc. No alcoholic beverages shall be charged.
5. All documents and receipts should be completed and sent to the Department Director or their designee when purchases are made. The entry into BS&A Accounts Payable should be done as soon as the card is charged and items are received, if applicable.
 6. If the authorized user does not have documentation of the transaction to send with the monthly card statement, a Notice of Lost Procurement Card Receipt must be submitted.
 7. It is the department/ authorized users' responsibility to return items for replacement or to receive credit on the purchase and/or service.

Department Director

The Department Director or their designee will be responsible for receiving completed documents, reviewing them, resolving any discrepancies on the purchases when matching them to the monthly card statement. The vendor number, account number, grant number, if applicable, and description of the item shall be entered into BS&A Accounts Payable. The completed statement with all documents shall be forwarded to Accounts Payable before the due date on the monthly card statement. It is the responsibility of the Department Director or their designee to furnish any missing documents at once. Completed statement packet with all documents shall be sent to Accounts Payable separately and not combined with other documents.

1. Approval of each purchasing card transaction is the responsibility of the Department Director or designee to ensure the items were for official use and allowable in accordance with the purchasing policy. The Director will question any unusual purchase and resolve the purchase with the authorized user. If they cannot be satisfied the purchase was necessary and for official use, then the authorized user must provide a credit voucher proving the item(s) have been returned for credit, or a personal check for the full amount of that purchase. Resolution for improper use of the credit card will be the responsibility of the Department Director, and disciplinary action for misuse will also be the department's responsibility to process.
2. The Department Director or their designee will initial the monthly card statement to signify approval and forward to Accounts Payable before the due date noted on the statement.
3. The Department Director will collect cards from departing employees and forward them to the Finance Department. Further details can be found under "Terminating Employee."

Payment Procedures

1. The Department Director or their designee will enter all invoices into BS&A Accounts Payable using the vendor's name of the purchase. The statement due date shall be used for the invoice entry date. Invoices are routed and approved based on approval authority as defined in the Purchasing Policy.

2. The statement balance will be paid by Accounts Payable after all related invoices have been entered into BS&A Accounts Payable and approved.

Disputes/Fraudulent Charges

1. If items purchased with the procurement credit card are found defective or the services faulty, the authorized user is responsible for returning item(s) to the merchant for replacement or credit on the purchase or service. If the merchant refuses to replace or correct the faulty item, then the purchase of this item will be considered to be in dispute.
2. It is essential that the time frames and documentation requirements established by the credit card issuer be followed to protect the City's rights in a dispute. All questioned items must be communicated to the credit card issuer within 60 days of the cycle date when the item originally posted. During the investigation, a credit will be issued to the City's account for the amount questioned. Upon completion of the investigation, the City will be notified of the resolution. If the dispute is not settled in the City's favor, the account will be charged for the disputed transaction amount. If the credit is not received by the time of settlement with the credit card issuer, payment must be made for the disputed item. Do not deduct the amount from the payment. The credit will be processed within 1-2 cycles.
3. Any fraudulent charges should be immediately communicated to the Department Director and the Finance Department. The Finance Department will notify the card issuer of the fraudulent charge.

Requests for Initial, Additional, or Changes to Procurement Cards or Authorized Users

1. The Department Head will complete and sign the Request For/Change Procurement Card form and submit it to the Finance Director.
2. When the Finance Department receives the credit card, the authorized user will be required to read the procurement card policy, sign for the credit card, and complete the Purchasing Card User Agreement. The Finance Department will notify the Department Director and Accounts Payable of the issuance of a credit card.
3. A Department Director that wishes for a new employee to use an existing Department credit card is required to have the employee (the authorized user) read the procurement card policy and complete the Purchasing Card User Agreement. The signed agreement shall be forwarded to the Finance Director.

Annual Inventory of Procurement Cards

On an annual basis, the Finance Department will provide a list of credit cards issued to each department/cardholder. Departments must confirm inventory of credit cards and authorized users, as noted above.

Lost or Stolen Procurement Cards

If a credit card is lost or stolen, it is the responsibility of the authorized user to immediately notify the credit card issuer, the Department Director, and the Finance Department within 24 hours after discovery of the loss or theft of the credit card. The Department Director will be required to make

a written report to the Finance Department that will include complete information on the loss, the date the loss was discovered, the location where the loss occurred, and any other information that may be needed. The telephone number of the credit card issuer will be provided when the credit card is issued to the authorized user.

Terminating Employee

1. Credit cards are generally assigned to specific departments. In the instance where a card is issued to a specific employee, the card should be recovered at termination and tendered to the Finance Department. The Finance Department will cancel the card with the financial institution and destroy the inactivated card
2. In the event the Department Director is unable to collect the credit card when an employee leaves employment, the Finance Department must be notified immediately to take action to ensure the card is terminated.
3. For employees that are authorized users (but do not have a card issued to them directly) that terminate employment, the Department Director must notify the Finance Department that they are no longer employed by the City and to remove them from the authorized user list.

Store/House Accounts

In certain circumstances, employees may purchase goods on account with specific local stores that have pre-authorized an extension of credit to the City. These are typically hardware stores where frequent, small purchases are made. Rather than using a procurement card, the employee signs for the transaction in-store and the City pays the vendor invoices later. Employees participating in such transactions, in addition to the guidelines already addressed in this policy, shall have the following responsibilities:

1. Employees shall legibly sign for purchases and note their department, and provide the itemized receipt to their Department Director, or designee.
2. Employees shall only purchase allowable goods in accordance with City policies and procedures and shall signoff to acknowledge receipt of and understanding of the policy.
3. Department Directors shall annually provide an updated list of eligible employees to the Finance Department. The Finance Department shall communicate this list to the store managers. If an employee terminates employment, the Department Director shall immediately notify the Finance Department so that the Finance Department may notify the store to remove the employee from the authorized purchaser listing.
4. All other employee responsibilities for the procurement card shall extend to the use of store/house accounts.



164 East Lincoln Highway
DeKalb, Illinois 60115
815.748.2000 • cityofdekalb.com

Purchasing Card User Agreement

I understand that I am authorized to use a City of DeKalb Purchasing Card and/or make purchases on account with established stores to purchase goods and services, and the purchase is within the parameters established in the City's policies.

I agree to purchase goods and services, consistent with the City of DeKalb responsibilities, to satisfy legitimate business needs of the City of DeKalb. I will not use the Purchase Card and/or store account for personal use or non-permitted business purposes.

All purchases I make will be in accordance with the City of DeKalb Purchasing Manual and Procurement Card Policy (a copy was provided to me). I understand any future changes made by the City of DeKalb with respect to these policies supersede and replace the information given here.

I understand that my authorization to make such purchases shall automatically cease upon my termination of employment with the City of DeKalb and I shall surrender any cards in my possession to my Department Director.

I accept responsibility for familiarizing myself with the information in the City of DeKalb Purchasing Manual and Procurement Card Policy and will seek verification and clarification of its terms or guidance where necessary. I understand I should consult the Finance Department if I have any questions about the procurement card program that are not answered in this policy.

Employee's Signature _____ Date _____

Print Employee's Name _____

Employee's Department _____

I have approved the named applicant to use a Purchase Card and/or make purchases on account. I agree to review the Monthly Statements for compliance with the established policies and procedures.

Department Head Signature _____ Date _____

All original signed employee acknowledgement forms are to be forwarded to the Finance Department.



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Request for/Change Procurement Card Form

TO: Finance Department

FROM: _____

- Request the following employee be authorized an individual City of DeKalb Procurement Card. Monthly Limit (Not to exceed \$5,000): \$ _____
- Request the following employee/department (circle one) have their City of DeKalb Procurement Card limit changed. Monthly Limit (Not to exceed \$5,000): \$ _____
- Request the following employee be added as an authorized user of City of DeKalb departmental Procurement Card. Department: _____
- Request the following employee be added as an authorized user of a store/house account. Name of store(s): _____
- Cancel / Reason: _____

Authorized User Information:

Name: _____

Title: _____

Approved By:

Department Director

Date: _____

Finance Director

Date: _____



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Notice of Lost Procurement Card/Store Account Receipt

TO: Finance Department

FROM: _____ (Card User)

DATE OF PURCHASE: _____

VENDOR: _____

VENDOR ADDRESS: _____

ITEMS/SERVICES PURCHASED: _____

G/L ACCOUNT TO BE CHARGED:

ACCOUNT #: _____ AMOUNT: _____

ACCOUNT #: _____ AMOUNT: _____

ACCOUNT #: _____ AMOUNT: _____

ACCOUNT #: _____ AMOUNT: _____

REASON ORIGINAL RECEIPT CANNOT BE PROVIDED: _____

AUTHORIZED USER SIGNATURE: _____

Please submit any other related documentation to the Finance Dept.