

**CHICAGO PARK
DISTRICT EMPLOYEE
REIMBURSEMENT
AND CREDIT CARD
POLICY**

July 31, 2011

Employee Reimbursement and Credit Card Policies & Procedures Training is mandatory for **all** Park District employees who will receive reimbursement or otherwise request use of the Chicago Park District Credit Card. If additional training is needed for current staff or initial training for new staff, please contact your Finance Manager.

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CHICAGO PARK DISTRICT EMPLOYEE REIMBURSEMENT POLICY

Effective Date: July 31, 2011

Purpose: The primary means of purchasing valid goods and services necessary for conducting Chicago Park District business is the procurement process and the employee reimbursement process. This policy addresses the employee reimbursement process, including petty cash and procurement cards. This policy does not cover employee mileage reimbursement which will be addressed in a separate document. The following protocols and related procedures need to be complied with; however, they are not intended to address every situation.

Acknowledgement Agreement: Employees are required to sign an Acknowledgement Agreement indicating that they accept the terms of this Employee Reimbursement Policy. Failure to comply with this Policy and the related procedures may make the employee accountable for any questionable expenditure and subject to disciplinary action up to termination of employment.

Unallowable Types of Expenditures: Below is a listing of expenditures that are not considered appropriate when conducting Park District business. This listing is not intended to be an exhaustive listing of all unallowable expenditures. If in doubt about a potential expenditure, the employee should discuss with his/her manager, or the Park District CFO. If a Department believes that a certain type of expenditure is absolutely critical, prior written approval from the Park District CFO will be required and is to be included with the supporting documentation for reimbursement.

Unallowable/Restricted Expenditure Types

- Local Business Meals (*within the 50-mile Chicago Metropolitan Area*)
- Refreshments/Food (*for meetings*)
- Food, Supplies or Other Costs (*for employee events/holiday parties/birthdays*)
- Gifts/Flowers/Gift Cards
- Alcoholic Beverages/Tobacco Products/Controlled Substances
- Personal Items
- Sponsorships/Donations
- Entertainment/Recreational Activities unless related to specific park users and/or programs serving the public and subject to prior approval
- Appliances (*e.g., microwaves, refrigerators, coffee makers*)
- Kitchen Textiles (*e.g., napkins, cups, utensils used in break rooms*)
- Office Decor Items
- Traffic Citations/Parking Violations/ Fines and Penalties
- Sporting Goods unless related to specific park users and/or park programs serving the public and subject to prior approval
- Car Washes

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- Cash Advances
- Capital Equipment or Construction
- Software and Related Licensing Agreements
- Professional or Trade Licenses Required for Employment (*unless expressly stated in bargaining agreement or approved in advance by the CFO*)
- Supplies and Materials (*for which the Park District has a contract to purchase*)
- Any other item deemed inappropriate/unnecessary for conducting Park business.
- Food and beverages (within 50 miles of Chicago)
 - In the course of conducting Park District business, food and beverage may be an allowable expense if it is directly used by park program participants. Expenses incurred for food and/or beverages must satisfy the following four tests:*
 - *Test 1-The cost of the food and/or beverages provided is considered to be reasonable.*
 - *Test 2-The food and/or beverages provided are directly related to a program event.*
 - *Test 3-The food and/or beverages provided are not related directly to amusement and/or social events not available to the general public (e.g. holiday parties).*
 - *Test 4 – The food and/or beverage is not allowed for the primary benefit of Park District employees*

Examples of Allowable Expenses: Small dollar purchases that may be reimbursed include items such as cab fare, parking, and travel expenses. Items such as supplies, perishable goods, ice, water, etc. may only be reimbursed if used for the direct benefit of park users and/or park program participants.

Tax-Exempt Status: Every effort needs to be made to ensure that expenditures do not include Sales Tax. Tax exempt certificates are available through Comptroller's Office.

CHICAGO PARK DISTRICT EMPLOYEE REIMBURSEMENT POLICY

I. Employee Reimbursement Policy and Procedures

The Employee Reimbursement process is one means of purchasing goods and services necessary for conducting Park District business. The primary means of purchasing goods and services is the procurement process through the Purchasing Department. This policy does not cover employee mileage reimbursement which will be addressed in a separate document.

A. Expenditure Limits for an Individual Purchase

- No individual purchases allowed for over \$250 without pre-approval by the employee's Chief or the CFO.

B. Funding Authorization

- The Employee Reimbursement Authorization Form (see Attachment A) must include the appropriate funding codes.
- It is the responsibility of both the employee and approver to verify available funding levels prior to submitting to Finance for reimbursement.

C. Supporting Documentation

Employees must submit a completed signed Employee Reimbursement Authorization Form and the supporting documentation for the allowable business expenditures within 30 days of purchase to his/her manager for approval (*prior to submission for payment*). Each expenditure shall be substantiated by the following supporting documentation:

- Reason and purpose of the purchase, as well as why the item was not purchased via the normal purchase order/procurement process.
- Original receipts, which include vendor name, date of purchase, individual items itemized with exact dollar amounts – no copies.
- Additional supporting documentation (*packing slips, etc.*) must also be original – no copies. This would include documentation of any pre-approval for expenditures over \$250.
- Employee signature which also acknowledges the business appropriateness of the expenditure.

If original receipts and/or supporting documentation is unavailable (*one occurrence per year*), the employee must provide a written explanation and signed certification stating the reason the original is unavailable.

D. Review and Approval

Approval of an Employee Reimbursement Authorization request is required from the employee's Supervisor (*first-line approver*), Director/Department Head, and then Shared Financial Services prior to reimbursement.

- The Approvers' signatures must be original – copies/stamped approvals are not acceptable, nor is delegation of the review.

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- Approvers cannot approve own expenditures. If an Approver is part of a combined group expenditure, the highest-ranking employee in the group will submit the expenditure for approval to his/her Manager.
- Expenditures of Directors or Department Heads are to be reviewed/approved by the appropriate Chief and CFO, (or in the case of Department Heads that report to the CFO, then the CEO), with original signatures. Approval authority cannot be delegated.
- Expenditures of Chiefs are to be reviewed/approved by the CFO, CEO and Board President with original signatures. Approval authority cannot be delegated.
- Expenditures of the CEO are to be reviewed/approved by the CFO and Board President with original signatures. Approval authority cannot be delegated.
- Shared Financial Services will review for completeness, supporting documentation, expenses in accordance with policy, and proper level of approvals prior to submittal to the Comptroller's Office for payment.

It is the responsibility of the first-line approver to ensure that the Employee Reimbursement Authorization Form is complete and that adequate documentation has been provided to support that the expenditure is a valid Park District business expense. The first-line approver needs to review for:

- Timely submission of reimbursement request (*within 30 day from purchase*);
- Proper forms/documentation and reasons for purchase;
- Mathematical accuracy;
- Original receipts;
- Documentation of the pre-approval for expenditures over \$250, if applicable;
- Signed Reimbursement Form;
- Proper allocation of expense according to budget procedures and to the proper budget category; and
- Escalation to the next Approver of any expense that appear to be out of the ordinary (*i.e., abnormally large expenses, poorly documented expenses, purchases not generally required for normal City business*) for a more focused review.

When the first-line review and approval is complete, the Approver submits the reimbursement request and documentation to the next approver for signature, who will then forward the request to the Shared Financial Services Department. This process needs to be completed within ten days from the time that the employee submits the Employee Reimbursement Authorization Form to the first-line approver.

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E. Reimbursement/Payment Process

- The expenditure is processed for payment after the supporting documentation has been properly reviewed and approved, and received by the Shared Financial Services and then forwarded to the Comptroller's Office for payment, as indicated in Section D above. The Comptroller's Office will verify that the Employee Reimbursement Authorization Form has been completed and that original supporting documentation matches the reimbursement amount before the payment is released to the employee. Park District implemented a recent change that all non-mileage employee reimbursements are processed in accounts payable.
- After payment, the final approved supporting documentation is to be maintained by the Comptroller's Office.

II. Petty Cash Policy

The Park District does not allow petty cash. Bank cash drawers may be created for specific events and then returned to Treasury (with 2 long term cash drawer exceptions) Petty cash is not used for employee reimbursements. Larger expenditures are to be processed through normal procurement channels and, if necessary, small expenditures may be submitted for payment through the Employee Reimbursement Authorization process.

III. Procurement Card Policy and Procedures

The Chicago Park District will have one credit card which will be under the control of the CFO and registered with the Comptroller. The Chicago Park District will have limited use of Procurement Cards for emergency purposes, or transactions where purchase orders are not accepted by the merchant, or for situations in which it is determined that the credit card is the best alternative to procure specific goods or services. The Procurement Card is not to be used as a regular vehicle with which to conduct Park business. All non-emergency expenditures shall be submitted for payment through the regular procurement process or Employee Reimbursement Authorization process (*refer to Section I above*). If it is determined that an expenditure purchased with a procurement card is not for emergency purposes or where purchase orders are not accepted by the merchant use of the procurement cards will be revoked.

Procurement Cards (P-Cards) will only be used for Park District business purposes; personal expenditures of any type are strictly prohibited. In addition to only being allowed for emergency purposes, the listing of Unallowable Types of Expenditures on Page 1 of this Policy also applies to P-Card purchases.

For the purpose of this policy, a Procurement Card is a District-issued credit card from a financial institution. This set of policies is to establish a framework for the District-wide Procurement Card program including participation in the program and the appropriate use of Procurement Cards. The Park District Procurement Card program is established to streamline small dollar and emergency purchases as well as travel and continuing professional development charges. Written procedures will provide guidance on the establishment of controls such as purchasing limits, purchasing restrictions, purchasing and invoice processing, monthly statement

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reviews, billing disputes, lost or stolen cards, and making changes to cardholder information. The CFO or in his/her absence the Comptroller will have sole authority to use the P-card.

In addition to the signing and acknowledgement of the Employee Reimbursement Policy, a Cardholder Agreement/Acknowledgement will be signed by each Cardholder.

A. Limited Access

Access to P-Cards will be limited and controlled/administered by the Chief Financial Officer and registered with the Comptroller.

Individual situations will need to be discussed with the CFO and Comptroller to determine one-time alternate procedures.

B. Expenditure Limits and Proper Approval

The CFO will work with the Comptroller to determine the appropriate total monthly credit limit for the sole Park District credit card.

Additional 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. P-Card issuers have the ability to prevent a charge card from being used at any establishment with a particular MCC.

C. Procurement Card Procedures

All applicable employees must read, understand, and comply with all provisions of this policy. It describes many of the responsibilities as a CPD employee who has requested use of a Procurement Card and outlines processes and procedures that will facilitate secure, timely, and valid purchases. The Procurement Card manual is a basic guideline document, and is not intended to anticipate every circumstance or question. It may be revised or supplemented from time to time, as CPD deems it appropriate.

Although the current purchasing process will continue to be the primary means of purchasing for the Chicago Park District, the Procurement Card will enable direct purchases from vendors by phone and at the point of sale. The Procurement Card shall be used as a secondary purchase option for small purchases unless in the case of emergency or immediate need where the normal purchasing avenue is not able to be utilized. In all cases, it is the responsibility of the card holder to determine and document whether the requested purchase warrants deviation from the purchasing process. Items which are available through established contracts such as District-wide blanket purchase orders or departmental blankets should not be purchased using a CPD Procurement Card.

All forms referenced in this policy are available on the shared drive at **S: //Forms**.

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Definitions

Procurement Card Administrators: Chief Financial Officer will have overall responsibility for the Procurement Card policy and program.

Procurement Card Coordinator: Comptroller serves as the primary contact for the financial institution issuing Procurement Cards and maintains appropriate program internal controls.

Approving Official: Responsible for approving the appropriateness of purchases on Monthly Account Statement Reports; Ensures Cardholders and Designated Purchasers are adequately trained and comply with the rules and regulations of the program. **The Approving Official is the P-card requester's immediate supervisor unless otherwise noted.**

Procurement Cardholders: Employees which have been assigned a Procurement Card and have the responsibility to review, reconcile, and submit their weekly Procurement Card Transaction Logs in a timely manner with all necessary documentation; Responsible for approving the appropriateness of purchases of Designated Purchases; Accountable for adherence to this policy and that an unexpended and unencumbered appropriation is available for the Procurement Card transaction. The CFO or in his/her absence the Comptroller will have sole authority to use the P-card.

Designated Purchasers: CFO or Comptroller on behalf of the requesting user who must adhere to all aspects of the Procurement Card policy and program.

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The Comptroller's Office manages the program by:

1. Maintaining the database of Cardholders
2. Serving as the liaison with the vendor
3. Approving monthly invoices and processing and dispersing all payments
4. Requesting new cards/discontinuing cards not in use
5. Distributing monthly account statements and retaining receipt
6. Collecting Monthly Procurement Card Transaction logs
7. Ensuring all signatures are present and legible all documents

The Comptroller's Office shall maintain certificates/record of training, for both initial and refresher courses that clearly show:

- (a) the type of training received (e.g., instructor led, computer based, internet based)
- (b) that the training was relevant to the purchase card program
- (c) that the training was appropriate to the level of authorized spending and program authority of the individual
- (d) the signature of the cardholder and the instructor (if applicable)
- (e) that the date of initial training is **prior** to Procurement Card account activation and
- (f) that the date of refresher training is within the required period.

1. Funding Authorization.

It is the responsibility of both the employee and first approver to verify available funding levels prior to submitting to the Comptroller for payment of the monthly charges.

2. Supporting Documentation

Cardholders must submit a completed Voucher along with receipts or other supporting documentation for the allowable business expenditures on the monthly card statement within 30 days to the appropriate Approver. Each expenditure shall be substantiated by the following supporting documentation:

- Reason and purpose of the purchase, as well as why the item was not purchased via the normal purchase order/procurement process.
- Monthly individual P-Card statement.
- Original receipts, which include vendor name, date of purchase, individual items itemized with exact dollar amounts – no copies.
- Additional supporting documentation (*packing slips, etc.*) must be original– no copies.
- Employee signature (*either hard copy or electronically*), which also acknowledges the business appropriateness of the expenditure.

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If original receipts and/or supporting documentation is unavailable (*one occurrence per year*), the employee must provide a written explanation and signed certification stating the reason the original is unavailable.

3. Review and Approval

Approval of a Cardholder's monthly expenditures is required from the appropriate Approvers (*per the Matrix*) prior to payment of the monthly expenditures.

- The Approvers' signatures must be original – copies/stamped approvals are not acceptable, nor is delegation of the review.
- Approvers cannot approve own expenditures. If an Approver is part of combined group expenditure, the highest-ranking employee in the group will submit the expenditure for approval.
- Expenditures of Directors or Department Heads are to be reviewed/approved by the appropriate Chief and CFO, (or in the case of Department Heads that report to the CFO, then the CEO), with original signatures. Approval authority cannot be delegated.
- Expenditures of Chiefs are to be reviewed/approved by the CFO and CEO with original signatures. Approval authority cannot be delegated.
- Expenditures of the CEO are to be reviewed/approved by the CFO and Board President with original signatures. Approval authority cannot be delegated.
- The Comptroller's Office will review for completeness, supporting documentation, expenses in accordance with policy, and proper level of approvals prior to payment to card company.

It is the responsibility of the first approver to ensure that the P-Card Voucher Form is complete and that adequate documentation has been provided to support that the expenditures are valid Park business expenses. The first-line approver needs to review for:

- Timely submission of reimbursement request;
- Proper forms/documentation and reasons for purchase;
- Original receipts - not just the card receipts, but digitally-printed detailed bills of sale;
- Documentation of any pre-approvals for expenditures, if applicable;
- Signed Reimbursement Form;
- Proper allocation of expense according to budget procedures and to the proper budget category; and
- Escalation to the next Approver of any expense that appear to be out of the ordinary (*i.e., abnormally large expenses, poorly documented expenses, purchases not generally required for normal Park business*) for a more focused review.

When the first-line review and approval is complete, the Approver submits the reimbursement request and documentation to the next approver for signature, who will then forward the request to the Comptroller's Office.

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4. Credit Card Payment

The District will make every effort to pay credit card bill on time so as not to pay interest charges.

5. Disputed Charges

Billing discrepancies can result from, but not limited to, failure to receive goods or services that were charged, duplicative or altered charges, defective merchandise, errors, misuse, and fraud. The cardholder is responsible for following up with the vendor and/or bank on any disputed charges. The bank must be notified of any disputed charges within the time limit as stated in the Agency's procurement card agreement with the bank. The cardholder will be held accountable for all charges unless the charges have been properly disputed.

6. Lost or Stolen Card

Lost or stolen cards must be reported immediately to the CFO and/or Comptroller.

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IV. QA/Monitoring/Audit Policy

A QA/Monitoring/Audit process will be implemented by the Park District to ensure compliance with the Employee Reimbursement Policy and that expenditures are being properly processed and paid/reimbursed accurately. The monitoring and analytical review of expenditures and individuals are also important controls. This multi-tiered review process will be performed by District's Internal Audit Department and the City of Chicago's Internal Audit Department.

A. Finance Department

- Periodic random QA reviews of processed P-card and employee reimbursement transactions for compliance with the Policy's documentation and processing requirements.
- Expenditure Utilization - Review spending by type of expenditure and also by dollar amount to determine excessive spending and/or questionable categories of expenditures.
- Individual Utilization - Review spending by employee to identify any questionable expenditures and/or spending habits.
- Analytical Review - Compare P-Card and employee reimbursement expenditures for current time period to prior periods and actual expenditures to budgeted ones to identify unusual spending and/or unexpected trends.
- Asset Management - Review expenditures to ensure that any purchases of capital assets have been properly identified and recorded as such.

B. Internal Audit

- Perform periodic audits for compliance with the District's current reimbursement process, including a detailed review of P-Card and employee reimbursement expenditures, utilizing the results of the procedures performed in Section A by the Finance department.

C. City of Chicago Internal Audit

- Review results of Park District's audits and determine if there is a need for additional audit review by the City.
- Perform periodic audits for compliance with the District's current reimbursement process, including a detailed review of P-Card and employee reimbursement expenditures. Determine the need and frequency of this audit.
- Perform periodic reviews of the expenditures of the Senior Executives at the Park District.

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V. Recurring Expenditures

Frequently recurring expenditures, such as office supplies, building materials and ‘big box’ store purchases, that are being consistently procured individually and not through a contracted purchasing agreement or the normal procurement procedures need to be reviewed to determine if there is an existing purchasing agreement for them. If not, purchasing agreements should be put in place in order to ensure that the Park District is obtaining these expenditures as economically as possible. If a purchasing agreement is in place and these types of purchases continue to be made through the P-Card and/or Reimbursement process, reimbursement for the expenditures will be denied.

VI. Training

Employees of the Park District shall undergo training regarding the District-Wide Employee Reimbursement Policy at the time of implementation of the new Policy, or upon hiring for new employees. Additionally, for individuals whose jobs frequently require them to submit or manage expense reimbursements or use a P-card, refresher training should be considered on a yearly basis.

VII. Transparency

The Park District shall upload their individual procurement card and employee reimbursement information to its website on a monthly basis, starting with an initial year-to-date upload within a reasonable time period after adoption of the Employee Reimbursement Policy. Proactive transparency increases disclosure of and accountability for Park District expenditures. It also serves as a deterrence mechanism for those employees who might otherwise be tempted to engage in inappropriate conduct or spending.

VIII. Exceptions/Exemptions

Any potential exception/exemption from any component of this Policy must be discussed with and submitted to the CFO and Comptroller for consideration. Any approved exception/exemption will be considered part of the Policy and will need to be retained as part of the Policy.

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Employee Reimbursement Authorization

Chicago Park District Employee Reimbursement Authorization

Employee # []

To Comptroller:

Date: []

It is hereby requested that a cash warrant be drawn in favor of:

Name []

Address []

City [] State [] Zip []

Invoice or Receipt #(s)	Budget Code								Amount
	Fund	Cost Center	Location	Account	Program	Category	Session	Project	

Description []

By signing the box to the right, I confirm that items/services listed above adhere to the CPD Employee Reimbursement Policy.

[]
Employee

I have reviewed and approve this reimbursement.
Area Manager/Department Head

I have reviewed and confirmed monies are available.
Finance



Employee Reimbursement and Credit Card Policy Training Statement

I acknowledge that I have received training on Chicago Park District Employee Reimbursement and Credit Card Acknowledgement Policy procedures.

I also acknowledge that I am aware that any future non-compliance with Chicago Park District employee reimbursement policy procedures may result in disciplinary action up to and including discharge.

Park/Department Name and Location

CPD Employee

Date

Finance Staff

Date