



# **CITY COLLEGES OF CHICAGO**

## **EMPLOYEE**

### **REIMBURSEMENT POLICY**

July 31, 2011

**CITY COLLEGES OF CHICAGO EMPLOYEE REIMBURSEMENT POLICY**

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## **CITY COLLEGES OF CHICAGO EMPLOYEE REIMBURSEMENT POLICY**

**Effective Date:** July 31, 2011

**Pending 9/1/11 Board Adoption**

**Purpose:** The primary means of purchasing valid goods and services necessary for conducting City Colleges of Chicago (CCC) business is the procurement process and not the employee reimbursement process. This policy addresses the employee reimbursement process, including petty cash and procurement cards. 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 (See Appendix A) indicating that they accept the terms of this Employee Reimbursement Policy. Failure to comply with this Policy and the related procedures may result in the employee being accountable for any questionable expenditure and subject to disciplinary action up to and including termination of employment.

### **Allowable /Unallowable Types of Expenditures:**

**Allowable:** Employees may incur reimbursable expenses in the course of doing CCC business, which may include taxi fare for times when public transit is not available; travel expenses for approved conferences; mileage, etc., that are allowed under the District's travel policy.

**Unallowable:** Below is a listing of expenditures that are not considered appropriate when conducting CCC 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, CCC CFO or City Comptroller. If a CCC college or department believes that a certain type of expenditure is absolutely critical, prior written approval from the CCC 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*), *except where contractually obligated per bargaining agreement or when an Officer of the District (OD) conducts an important business meeting with a current or potential business partner, as long as request for reimbursement is properly documented.*
- Refreshments/Food (*for meetings*), *except for student related events and district wide faculty and staff (FT and PT) work shop or professional development events held at any CCC facilities.*
- 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, *except for community events that have direct benefits to CCC students*
- Entertainment/Recreational Activities
- 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
- Personal Car Washes or car washes for company vehicles done outside of CCC's approved contracts
- Cash Advances except those provided to students for student related activities and those provided to coaches per the athletic policy/ guidelines (See Appendix B for Athletic Advance Repayment Form).
- Capital Equipment/Construction Office Supplies
- Software and Related Licensing Agreements
- Professional or Trade Licenses Required for Employment (unless expressly stated in bargaining agreement or approved in advance by the CCC CFO or the City Comptroller)
- Supplies and Materials (*for which CCC has a contract to purchase*)
- Any other item deemed inappropriate/unnecessary for conducting CCC business.

**Tax-Exempt Status:** Every effort needs to be made to ensure that expenditures do not include Sales Tax. Tax exempt certificates are available through the CCC Law Department.

## **I. Employee Reimbursement Policy and Procedures**

The Employee Reimbursement process is not the primary means of purchasing goods and services necessary for conducting City Colleges of Chicago (CCC) business.

### **A. Expenditure Limits for an Individual Purchase**

- No individual purchases over are allowed without pre-approval by the employee's Department Head, the CCC CFO or the appropriate Officer of the District.

### **B. Funding Authorization**

- Expense Reimbursement Form 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 the Finance Business Services Department for reimbursement.

### **C. Supporting Documentation**

Employees must submit a completed signed Expense Reimbursement Form and the supporting documentation for the allowable business expenditures within 15 business days of purchase to his/her manager (first line approver) for approval *{prior to submission for payment}*. All expenditures 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.
- Employee signature *{either hard copy or electronically}*, which also acknowledges the business appropriateness of the expenditure.
- In case of cash advance, if authorized reimbursement request and supporting documentation is not submitted in 30 days the advance maybe deducted from employees payroll check.

If original receipts and/or supporting documentation is unavailable *{one occurrence per year-see Appendix C}*, the employee must provide a written explanation and signed certification stating the reason the original is unavailable.

### **D. Review and Approval**

Approval of an Expense Reimbursement request is required from an employee's Manager or Department Head (first-line approver), the appropriate Officer of the District and then Finance Business Services Department prior to reimbursement.

- The Approvers' signatures must be original – copies/stamped approvals are not acceptable. Approval authority maybe delegated on a limited basis with prior written approval from the COO or Chancellor.
- 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 to his/her Manager.
- Expenditures of executive management of CCC are to be reviewed/approved by the CCC CFO Approval authority maybe be delegated on a limited basis with prior written approval from the COO or Chancellor.
- CCC's Finance Business Services Department will review for completeness, supporting documentation, of expenses in accordance with policy, and proper level of approvals prior to payment.

It is the responsibility of the first-line approver to ensure that an employee's Expense Reimbursement Form is complete and that adequate documentation has been provided to support that the expenditure is a valid CCC business expense. The reimbursement form will be returned to the first line approver if not complete per the requirements below. The first-line approver needs to review for the following:

- Timely submission of reimbursement request (*within 15 day from purchase*); only one exception to the 15 day requirement will be allowed.
- Proper forms/documentation and reasons for purchase;
- Mathematical accuracy;
- Original receipts with proof of payment;
- Recording cash advance, if applicable and submission of check for monies due CCC;
- Documentation of the pre-approval for expenditures;
- Signed Reimbursement Form;
- Proper allocation of expense according to budget procedures and to the proper budget account string; 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 Finance Business Services Department. This process needs to be completed within 10 business days from the time that the employee submits the Expense Reimbursement Form to the first line approver.

#### **E. Reimbursement/Payment Process**

- The expenditure is processed for payment after the supporting documentation has been properly reviewed and approved, and received by CCC's Finance Business Services Department, as indicated in Section D above.

#### **F. Expense Reimbursement Process**

All reimbursement requests will be paid via a Direct Voucher; therefore the following steps should be followed:

1. Upon receipt of the request the College Business Office or District Office Business Manager should date stamp the reimbursement form and perform required review (see section D above) immediately to insure compliance with the **10 day** processing requirement.

2. Look up the vendor number and assign and write invoice # on document. Use the following naming convention **with no spaces** for the invoice #.
  - Business Unit Acronym (e.g. HW, KK)
  - Transaction Date(s) (7/27/11-7/31/11)
3. The expense report should be entered into a control group and then entered into the system for payment. System will perform budget check at this time; if funds are not available the first line approval should be contacted to request the appropriate budget transfer.
4. Submit the expense reimbursement request and supporting document to the Finance Business Services Department for approval for vendor payment.

#### Finance Business Service Department

1. The Finance Business Service Department will review, audit and verify that all expenditures have met the internal and external guidelines and policies prior to issuing payment.
2. Documentation of Expenses—requires the original itemized receipt or detailed invoice from the servicing vendor. Charge card slips cannot be used in lieu of an itemized receipt or bill. All claims for payment without complete documentation will be returned to first line approval. Exceptions to original receipts require approval from the CFO.
3. Escalation to Finance Managers 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 CCC business) for a more focused review.
4. Once audit has been completed the Finance Business Services Department will approve the Direct Voucher and release for payment.
5. All non-bargained for employees will receive payment reimbursement via direct deposit. Employees under a collective bargaining agreement will be encouraged to submit bank account information to process payment reimbursement via direct deposit.
6. After payment, the final approved supporting documentation is to be maintained by the Finance Business Services Department

**Noncompliance** - The District will deny reimbursement for expenditures which do not comply with District policy. Unreasonable, exorbitant, improper, or unsubstantiated charges will be denied.

**Fraud** - An employee who knowingly misrepresents the facts concerning reimbursements or official District business or who files or signs any reimbursements forms which contains deliberate false statements given with intent to defraud the District may be subject to both administrative and/or disciplinary action, including the possibility of termination and criminal action.

## **II. Petty Cash Policy**

Petty Cash funds (*including Contingency funds*) will no longer be allowed.



### III. Procurement Card Policy and Procedures

Although the City of Chicago does not use general credit or procurement cards, City College of Chicago will have limited use of Procurement Cards for emergency purposes, or large (>\$1,000) transactions where purchase orders are not accepted by the merchant. Procurement cards are **not** to be used as a regular vehicle with which to conduct CCC business. All non-emergency expenditures shall be submitted for payment through the regular Employee Reimbursement process (*refer to Section I above*). If it is determined that an expenditure purchased with a procurement card is not for emergency purposes, the CCC's access to procurement cards will be revoked.

Procurement Cards (P-Cards) will only be used for CCC 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 I of this Policy also applies to P-Card purchases.

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 (*no more than 5 cards*) and controlled/administered by each CCC's CFO and registered with the City Comptroller.

- The CFO will justify the necessity of each P-Card.
- Guidelines will be developed for the physical custody of the P-Cards.
- Assigning or transferring the P-card to another individual is prohibited.
- The P-Card of a departing/terminated individual (*or if transferring to another position*) will be promptly collected and deactivated prior to his/her departure.

Limited P-Card access may have adverse effects on underbanked employees. Individual situations will need to be discussed with the CFO and City Comptroller to determine one-time alternate procedures. Limited P-Card access may also cause an increase in reimbursement processing, which could stress current resources.

#### B. Expenditure Limits and Proper Approval

CCC will work with the City Comptroller to determine the appropriate total monthly credit limit. A Matrix of the approved P-Card holders and their individual monthly card and transaction limits will also be developed by CCC. The Matrix will include the necessary required Approvals for each Cardholder.

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**

CCC will develop/enhance their own detailed P-card procedures by using the standards and requirements indicated for each of the below control areas, subject to review and approval by the City Comptroller. These control areas are similar to the ones required for the employee reimbursement process in Section I.

### **1. Funding Authorization**

- P-Card Expenditure Reimbursement Form must include the appropriate funding codes.
- It is the responsibility of both the employee and first approver to verify available funding levels prior to submitting to the Finance Payment Department for payment of the monthly charges.

### **2. Supporting Documentation**

Cardholders must submit a completed signed P-Card Expenditure Reimbursement Form and the supporting documentation for the allowable business expenditures on the monthly card statement within 30 days to the appropriate Approver prior to payment. All expenditures 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.

If original receipts and/or supporting documentation is unavailable (*one occurrence per year see Appendix C*), 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 CCC's 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 a combined group expenditure; the highest-ranking employee in the group is required to submit the expenditure for approval.
- Expenditures of executive management of CCC are to be reviewed/approved by the CFO with original signatures. Approval authority cannot be delegated.

- CCC's Finance Business Services Department to 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 Expenditure Reimbursement Form is complete and that adequate documentation has been provided to support that the expenditures are valid CCC 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 CCC 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 Finance Business Services Department.

#### **4. Reimbursement/Payment Process**

- P-Card expenditures are processed for payment after the supporting documentation has been properly reviewed and approved, as indicated in Section 3 above, and received by the CCC's Finance Business Services Department.

#### **5. Receiving and Payment Process**

- The Cardholder is responsible for ensuring receipt of goods and services and will follow-up with the vendor to resolve any delivery problems, discrepancies or damaged goods.
- For telephone, catalog or internet orders, the vendor should be informed regarding CCC's tax-exempt status. It is important that complete shipping instructions are given along with your name (e.g., college name, delivery location, street address and city, state and zip code). Request the vendor to include a sales receipt in the package. Retain the credit card receipt and shipping documentation.

#### **5. Receiving Process**

- The Cardholder is responsible for ensuring receipt of goods and services and will follow-up with the vendor to resolve any delivery problems, discrepancies or damaged goods.
- For telephone, catalog or internet orders, the vendor should be informed regarding CCC's tax-exempt status. It is important that complete shipping instructions are given along with your name (e.g., college name, delivery location, street address and city, state and zip code). Request the vendor to include a sales receipt in the package. Retain the credit card receipt and shipping documentation.

- The Cardholder is responsible for keeping all original credit card slips, cash register receipts, packing slips and any other supporting documentation (acceptable documentation in lieu of the original receipt is listed below\*). Failure to provide acceptable documentation within 30 days of the purchase or issuance of credit will result in the card being placed on “hold” with the bank. No purchases may be made until the hold is removed.

*\*Other forms of acceptable documentation:*

- 1) Printout of the confirmation (for Internet purchases)
- 2) Confirmation number (telephone purchases).
- 3) Affidavit of purchase (*should not exceed one occurrence within fiscal year*).
- 4) Written explanation of credit

## **6. Payment Process**

- A Standardized Reconciliation Form (See Appendix D) must be completed and submitted with the following:
  - 1) Individual credit card statement (for each cardholder)
  - 2) Original detailed itemized receipts
  - 3) PeopleSoft P-Card Purchase Summary by Employee Report.
- The respective manager’s signature is required on the reconciliation P-Card package(s) before submission to Finance Business Services Department.
- After payment, the final approved supporting documentation is to be maintained by the Finance Business Services Department.

## **7. 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 CCC's procurement card agreement with the bank. The cardholder will be held accountable for all charges unless the charges have been properly disputed.

## **8. Lost or Stolen Card**

Lost or stolen cards must be reported immediately to the CCC Treasury Department.

#### **IV. QA/Monitoring/Audit Policy**

A QA/Monitoring/Audit process will be developed/enhanced by each CCC and the City 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 CCC's Finance department; CCC's individual Internal Audit department, and the City of Chicago's Internal Audit department.

##### **A. CCC and City Finance Departments**

- 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 - Capital Assets cannot **be purchased** via the reimbursement or p-card process.

##### **B. CCC Internal Audit**

- Perform periodic audits for compliance with the CCC'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 CCC's Finance Business Services Department.

##### **C. City of Chicago Internal Audit**

- Review results of CCC's audits and determine if there is a need for additional audit review by the City.
- Perform periodic audits for compliance with the City's current reimbursement process, including a detailed review of P-Card and employee reimbursement expenditures. Determine the need and frequency of this audit, for either all City departments or judgmentally-selected departments, utilizing the results of the procedures performed in Section A by the City's Finance department.
- Perform periodic reviews of the expenditures of the Senior Executives at both CCC and the City.

## **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 CCC 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 CCC shall undergo training regarding the CCC 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**

CCC 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 30 days of adoption of the Employee Reimbursement Policy by the Board. Proactive transparency increases disclosure of and accountability for CCC 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 City 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.