# Town of Whitby Procedure

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| **Procedure Title:** | Appendix I - Purchasing Card (P-Card) Procedure |
| **Procedure Number:** | F-080-002 |
| **Reference:** | Procurement Policy F 080 |
| **Date Approved:** | September 29, 2023 |
| **Date Revised:** | N/A |
| **Approval:** | Chief Administrative Officer |
| **Point of Contact:** | Procurement Services Division |

## Purpose

The purpose of this Procedure is to ensure that Purchasing Cards (“P-Cards”) are used to facilitate efficient procurement of goods and services for The Corporation of the Town of Whitby (the “**Town**”) and adhere to adequate controls for day-to-day use. Purchasing Cards are for low dollar, repetitive purchases. P-Cards may also be used for low dollar Foreign Currency transactions. All procurement activity must be compliant with the Procurement Policy.

## Scope

This procedure applies to all Departments in the Town.

## Overview

This procedure applies to staff with Town issued P-Cards, where the nature of their jobs requires such use. The P-Card is the preferred method for payment of goods and services required for Town business, where it is efficient, economical, and operationally advantageous to do so, subject to the provisions outlined in this Procedure and related policies. Issuance of a P-Card requires Management approval for employees within their Departments or areas of responsibility.

Note: Staff that are in possession of a Corporate Visa Card (expense type card) are subject to a separate policy/procedure.

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## 1. Definitions

1.1. **Account Activity Reports** means bank issued transaction statement.

1.2. **Accounting Administrator** means delegated Financial Accounting Staff.

1.3. **Approved Budget** means a capital or operating budget approved by Council subject to any adjustments provided for in the Town's Budget Monitoring Policy.

1.4. **Approver** means Staff member who has authority to approve the purchases.

1.5. **Bank** means the financial institution that issues the P-Card.

1.6. **Cardholder** means staff that are in possession of the P-Card.

1.7. **Department Head** means the Commissioner, Senior Leadership Team member, or their designate.

1.8. **Key Dates Calendar** means required reconciliation dates.

1.9. **Merchant Category Code (MCC)** means a code used to classify a business by the types of goods or services it provides.

1.10. **Procurement** means an acquisition, including by purchase, rental, lease, or conditional sale, of goods, services, or construction. The activities and processes to acquire or dispose of goods and services. The activities involved in establishing requirements such as market research, Vendor evaluation and contract negotiation.

1.11. **P-Card** means the Town's purchasing credit card program and system and the associated P-Card Program procedures for authorized low dollar purchases of goods and services.

1.12. **Plan Administrator** means delegated Procurement Staff.

1.13. **Purchasing Officer** means Procurement Manager or designate.

1.14. **Total Procurement Value** means the total value of a requirement being procured, excluding applicable taxes and duties, inclusive of all known and budgeted phases. For purchasing arrangements that exceed one year, or allow for optional extensions, the Total Procurement Value includes the original term and the estimated value of any planned extensions.

1.15. **Vendor** is a supplier, individual, partnership, bidder, consultant, or any entity that is responding to a procurement process; seller or provider of goods and/or services or construction to the Town.

## 2. Responsibilities

**The Cardholder is responsible for:**

**a)** Adhering to all conditions and restrictions imposed on the P-Card by the Town and the Bank;

**b)** Completing monthly reconciliations using the online system or alternatively have the reconciliations completed by a designated staff member and forward approved Account Activity Reports with attached documentation to the Accounting Administrator;

**c)** Ensuring that the P-Card, monthly Account Activity Report and other documents bearing the card number are kept in a secure location with controlled access until sent to the Accounting Administrator;

**d)** Immediately notifying the Bank, the Manager/Supervisor and the Plan Administrator of any loss or theft of card;

**e)** Immediately notifying the Bank of any fraudulent activity along with an email notification to the Manager/Supervisor, Accounting Administrator and Plan Administrator;

**f)** Exercising prudent and discretionary judgment if using the P-Card on the internet or transmitting the card number by fax or on paper;

**g)** Resolving disputed charges with the assistance of the Bank and the appropriate Plan Administrator as required and ensuring funds are credited back to the account once the dispute is resolved;

**h)** Ensuring that there is no acceptance of cash or a cheque from a vendor as a refund related to a previous purchase card transaction. A credit voucher is to be used instead;

**i)** Ensuring that the P-Card is never loaned to anyone or used by anyone other than the specified **named** Cardholder. **Only** the named employee can utilize the P-Card;

**j)** Ensuring that they do not reimburse the Bank directly upon receipt of any billing advice. The Town will reimburse the Bank directly for all obligations owing;

**k)** Ensuring that the P-Card is not used for booking or reserving hotel rooms, air travel, restaurants, or any other blocked Merchant Category Code (MCC) that is determined to be inappropriate, unless otherwise approved.

**Complete reconciliation of a transaction includes:**

**a)** A valid account number;

**b)** Tax amounts verified to physical receipts (where no tax is indicated the system tax should be set to zero);

**c)** Total amount on receipt matches the total on the Account Activity Report (with the exception of foreign currency transactions as they are subject to exchange rates);

**d)** A brief comment about account the allocation provided for every transaction;

**e)** Final step is to seek approval of what account the charges are allocated;

**f)** A printed copy of the Account Activity Report, signed by Cardholder and Cardholder's Manager/ Supervisor with appropriate signing authority. All receipts/invoices for all purchases are to be attached to the Account Activity Report prior to Manager/ Supervisor approval;

**NOTE:** Once all levels of approvals have been obtained, the complete report via interoffice or email is to be sent to the Accounting Administrator by the 15th of the month for verification and record retention purposes, unless other arrangements have been made with the Accounting Administrator.

### Action for Failure to Reconcile online:

Step 1: First incidence of missing deadline to reconcile (based on Key Dates Calendar); warning from the Accounting Administrator, copied to the Plan Administrator and Supervisor /Manager.

Step 2: Second incidence of missing deadline to reconcile (based on Key Dates Calendar); reminder from Accounting Administrator that it is a second incidence, copied to the Plan Administrator and Manager.

Step 3: Third incidence of missing deadline to reconcile (based on Key Dates Calendar); account suspended and a meeting with the Cardholder, immediate Supervisor / Manager and Plan Administrator will be requested. **NOTE:** any further non-compliance can result in cancellation of the card-holder privileges.

### The Cardholder's Manager/Supervisor is responsible for:

**a)** Assessing the need for P-Cards based on operational requirements;

**b)** Identifying the employee(s) who will be authorized to make low dollar value purchases through the use of a P-Card;

**c)** Acknowledging the single purchase transaction limit and the monthly spending limit amounts for each Cardholder;

**d)** Submitting pertinent information to the Plan Administrator for the issuance or cancellation of cards, changes in limits, changes in Department or area of responsibility, termination, retirement, parental leave, extended leave, etc.

**e)** The Manager/Supervisor may return any P-Card to the Plan Administrator or dispose of the P-Card by placing it in a Town document secured shredder box;

**f)** Ensuring that each Cardholder is informed and accountable to their responsibilities regarding the use of the P-Card;

**g)** Ensuring that the use of the P-Card conforms to the Department and Town Policy and Procedures;

**h)** Approving Cardholder's transactions;

**i)** Monitoring and controlling the utilization of P-Cards within their Department or area of responsibility;

**j)** Reviewing and approving transactions and the account number they are being reconciled to on a monthly basis as per the Cardholder's Account Activity Report and attached receipts. Ensuring no prohibited items or personal purchases have been made;

**k)** Meeting with the Plan Administrator and Cardholder at the third warning stage for any Cardholder who has not followed provisions of these Procedures.

**The Plan Administrator is responsible for:**

**a)** Creating, modifying, suspending and/or cancelling Cardholder accounts as appropriate;

**b)** Acting as the primary interface between the Town and the Bank;

**c)** Distributing forms and cards;

**d)** Providing co-ordination with respect to monitoring the overall utilization of P-Cards within the Town;

**e)** Assisting employees with disputes as required (refer to Disputed Charges);

**f)** Ensuring that the conduct of all purchasing activity is done in accordance with approved Procurement Policy and Procedures;

**g)** Establishing which merchant codes will be blocked from all P-Cards for the Town;

**h)** Revising expenditure limits for Cardholders at the request of Cardholder's Department Head/Manager or Supervisor;

**i)** Negotiating price discounts and arrangements with vendors based upon P-Card usage and subsequent report analysis;

**j)** Providing Cardholders' notice of receiving a 3rd and final notice non-compliance to the Procedure and arranging for a meeting with their direct Supervisor/ Manager to discuss the procedure(s) not being followed and attempt to find resolution.

- Suspension and/or cancellation of cardholder privileges if no resolution is found or if there are further non-compliances to the procedure(s) discussed in this meeting.

**The Accounting Administrator is responsible for:**

**a)** Monitoring P-Card activity to ensure compliance with the Town's

P-Card Procedure (analysis of reports, card activity and usage);

**b)** Bringing to the attention of the Plan Administrator any areas of concern such as:

- Proper reconciliation of all P-Card transactions, and/or;
- Providing documentation based on the Key Dates Calendar;

**c)** Setting up requested account numbers (not currently available) in the online bank system (capital accounts are not included);

**d)** Providing Cardholders with a first and second warning for failure to follow the provisions of this Procedure.

## 3. Request for P-Cards

## 4. Issuance of P-Cards

The Cardholder must activate the P-Card upon receipt and provide, for security reasons, responses specific to information provided on their application (ie. employee number). The Cardholder must sign the P-Card and store it in a secure place.

## 5. Approved Limits

Unless otherwise approved, Manager/Supervisor's will have a procurement limit of$10,000 monthly and all other users will have a procurement limit of $5,000 monthly. There shall be no splitting of transactions to bypass the Total Procurement Value categories set out in the Procurement Policy.

## 6. Cancellation or Changes

Any P-Card can be cancelled at any time by the Plan Administrator, Department Head or Human Resources. Notification for the cancellation of a P-Card is to be provided to the Plan Administrator who will suspend the P-Card and promptly notify the Bank. When possible, this notification should be sent to the Plan Administrator two (2) weeks prior to the individual's last working day. Regardless of the individual's final paid day, the last day a P-Card will be active is the Cardholder's final working day.

All cancelled cards are to be returned to the Cardholder's Manager/Supervisor or Plan Administrator for destruction and must be placed in a Town document secured shredder box.

P-Cards can be revoked for failing to follow the steps outlined in this Procedure, or general misuse.

In the event of a transfer between Departments or cost centers, a request is to be completed, authorized by the new Department Head and submitted to the Plan Administrator requesting the change.

## 7. Lost or Stolen Cards

The Cardholder must immediately notify the Bank of any loss or theft of the P-Card through the 24-hour customer service line and then notify the Plan Administrator at the earliest opportunity.

## 8. Modifications to Card Restrictions

The Cardholder, with approval of their Department Head, must submit a Procurement Request via Whitby Wire to the Plan Administrator for any changes, including temporary lift of Merchant Category Code (MCC) restrictions and credit limit increases or decreases (temporary or permanent). The Plan Administrator will contact the Bank to make arrangements for the adjustments, if appropriate. The Procurement Officer and/or Treasurer may be required to approve the modification.

## 9. Disputed Charges

Items that appear on the monthly statements that do not accurately reflect the transactions made by the Cardholder are considered disputed items. The Cardholder has 30 days from the statement date to notify the Bank. The Cardholder will first attempt to clear up the dispute with the vendor. If the dispute cannot be resolved, then the Cardholder should contact the Bank's customer service department to report the dispute. This must be followed by an e-mail notification to the Accounting Administrator. It is the Cardholder's responsibility to ensure that the disputed charges are eventually resolved, and funds are credited back to their account.

## 10. Fraudulent Charges

If a Cardholder suspects fraudulent charges on their P-Card, they are to report these charges to the Bank's customer service department and notify the Accounting Administrator immediately. Charges that appear on the Cardholder's monthly statement that are of a fraudulent nature must be reconciled by the Cardholder and allocated to an appropriate departmental account with an allocation comment "fraudulent transaction". All corrections of fraudulent charges will be allocated to the same account as the originating transaction with the comment "fraudulent transaction correction".

## 11. Cardholder Procedures:

It is the Cardholders' responsibility to keep all supporting documentation (cash register and credit card receipts, vendor notices, quotations, etc.) until sent to the Accounting Administrator and to:

**a)** Certify that the goods have been received by signing the packing slip. When goods are shipped, the Cardholder must ensure that the shipment matches the order or packing slip. When orders are placed by telephone, the Cardholder must request the vendor submit a copy of the packing slip with the shipment;

**b)** Obtain all required Material Safety Data Sheets (MSDS's) for all WHMIS controlled products purchased with the P-Card and immediately forwarding a copy to the appropriate department to be stored in a secure known location;

c) Ensure that in situations where vendors are performing service work, other than those covered by blanket orders, that risk requirements are met in advance of authorizing that service; that the appropriate insurance and proof of WSIB is obtained in advance and that the vendor complies with Health and Safety requirements;

d) Assign valid general ledger account(s) to each purchase using the Access Online (U.S. Bank) web site. All transactions must be reconciled prior to the specified date on the Key Dates Calendar;

e) In the event that an account number is not available, the Cardholder is to contact the Accounting Administrator via email with a request to add the account number;

f) In the event that a valid account number (or no account number) is not provided prior to uploading the electronic file from the Bank, Treasury will assign an account with a comment “Unreconciled Transaction”. Failure to provide the required details in a timely manner will result in action by the Plan Administrator in accordance with this Procedure. This could include suspension or cancellation of cardholder privileges;

g) Print a copy of their Account Activity Report after the P-Card cycle has closed (refer to Key Dates Calendar) and attach all matching original receipts and then forward to the Financial Accounting division for review and retention no later than the 15th of the month. Reconciliation requires the Cardholder to ensure that their invoice totals and taxes match the monthly statement values or as otherwise directed by Accounting Administrator Refer to Disputed Charges section;

h) Pay careful attention to the transactions that are processed on the P-Card. When you receive invoices, for P-Card purchases, it is the Cardholder’s responsibility to ensure that these invoices are not also submitted to Accounts Payable for payment (resulting in possible duplication of payment);

i) Take responsibility for all purchases. If a purchase is made by the Cardholder, the merchant will be paid and the department budget charged unless the Cardholder returns the merchandise and the merchant agrees to take it back and issue a credit;

j) Reimburse the Town for the amount immediately if a personal purchase is mistakenly made with the P-Card. A copy of the receipt of reimbursement needs to be attached to the Account Activity Report.

## 12. Card Renewal

P-Cards will automatically renew upon expiry date unless the Bank is notified otherwise.

## 13. Compliance/Restrictions

Prior to using the P-Card, Cardholders and Approvers should familiarize themselves with this procedure and policies to ensure they are aware of what is permitted. Restrictions that apply to P-Card use include:

**a)** No cardholder may receive a personal benefit from any P-Card purchase for goods and/or services or benefit from the very nature of the purchase, including reward points. Examples may include but are not limited to: Air Miles, Optimum Points, Triangle Rewards, or any other points or rewards program;

**b)** No Cardholder shall pay for parking violations or traffic violations, with the exception of emergency vehicles;

**c)** Purchase of alcohol is restricted;

**d)** Cardholders must not split transactions to circumvent the single transaction limit of their P-Card;

**e)** P-Card cannot be used for booking of hotel rooms, travel, restaurant, entertainment or any other blocked merchant code (MCC), unless exemption has been granted by Plan Administrator or Treasurer;

**f)** Risk requirements must be met in regard to insurance and WSIB;

**g)** Prior to making a purchase related to computer equipment or software, staff must contact Technology Information Systems (TIS) to determine if the purchase should be coordinated through this division.

## 14. Controls

**a)** Senior management endorses this P-Card Procedure.

**b)** To avoid the payment of interest, payments are made to the Bank by automatic debit from a corporate account.

**c)** Cardholders are required to sign their P-Card as well as sign the Cardholder Agreement acknowledging their understanding and agreement to comply with the Purchasing Card Procedures.

**d)** Cardholders will be held liable for any misuse or willful disregard of the procedures of the Purchasing Card program which result in a loss of money to the Town or fraud or collusion.

**e)** Each Cardholder is provided with a P-Card that is unique to them in name, card number, expiry date and the embossed name of the Town.

**f)** The Town reserves the right to cancel any P-Card or the P-Card program at any time.

Any employee found to knowingly contravene this Procedure; misuse the P-Card, or commit an act of misconduct could be liable for reimbursement to the Town, as well as escalation of the incident to their immediate Supervisor/ Manager and/or Human Resources.

Matthew Gaskell, Chief Administrative Officer, x2211

Nov 23, 2023

Date