

Purchasing Card Policy



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| Administration & Finance | November 15, 2023 | 150 - 2023 | 1 | 5 |
| Subsection | Repeals By-Law Number | | Policy Number | |
| Purchase Cards | 80-2013 | | AF-1-2 | |

Purpose

The purpose of this Administrative Standard is to provide direction regarding the roles, responsibilities, authority and accountability as they relate to City of Kenora Purchasing Cards.

Purchasing Cards provide significant flexibility to the City in terms of facilitating various categories of purchases including:

- Emergency purchases required from an operational perspective,
- Purchases for travel,
- Isolated purchases of low dollar and non-repetitive items, and
- Low dollar and high-volume purchases

Employee Eligibility

Cardholders must be permanent full-time employees of the City of Kenora, unless otherwise approved by the Director of Finance. It shall be at the discretion of the Director responsible for the department to recommend positions that are granted a purchase card and the type of transactions that are permitted for use.

Purchase/Credit Card Limits

It shall be at the discretion of the Director responsible for the department to approve the cardholder monthly limits, provided that these limits do not exceed the authority as granted within the City's Purchasing Policy. The Director of Finance may, at their discretion, approve a monthly limit greater on a temporary basis. For clarification purposes, nothing in this section shall authorize the cardholder to make any purchase which would exceed their approved authority limit.

Audit

Cardholders are subject to periodic audits of expenses and record keeping by the Finance Department. Any purchases made in contravention of either this Policy or the Purchasing By-law / Policy shall be reported to the Department Director and the Director Finance. Discovery of violation(s) of this policy may result in loss of card privileges or other disciplinary steps, up to and including termination.

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Guiding Principles for the use of purchase cards in the City

The following guiding principles should be applied when purchasing:

- Purchases must be made for City business purposes only.
- All purchases shall be able to withstand public scrutiny and examination by the City's external auditors.
- Purchasing Cards should not be used for cash advances or purchasing anything of a personal nature.
- Restaurant meals and promotion expenses should only be incurred for City business purposes. All receipts should include reference to the individuals that attended and the purpose of the meeting.
- Split transactions (attempting to make a purchase that is above the transaction limit by asking the vendor to split the transaction into two or more separate purchases) is prohibited.
- Purchasing Cards should be issued only to those staff who will have continuing and regular use of the card.
- To the extent possible, City business travel costs should be paid utilizing authorized City Purchasing Cards.

The Director of Finance is authorized, at any time, to suspend or cancel Purchasing Cards where there is evidence of non-compliance with this standard.

Cardholder Responsibilities

Each cardholder shall recognize and accept the following responsibilities upon receipt of a City of Kenora purchase card:

- a) Use the Corporate purchase card in accordance with this Policy and the City's Purchasing Policy.
- b) Ensure purchases are made in accordance with their signing authority, area of responsibility and departmental budget.
- c) Take reasonable action to ensure the card is appropriately safeguarded. Notify the Financial Institution immediately if their card is lost or stolen, including the Director of Finance and Departmental Director
- d) Log any item in dispute with the Financial Institution as, how and when required.

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- e) Retain accurate records including receipts at their workplace and have available for audit at any time. After the Cardholder reconciles the statement (Appendix A), the Cardholder will attach the receipts, sign the statement and bring it forward to have their immediate Supervisor review and sign the statement for approval of expenses. Items purchases on the purchase card reconciliation that do not include an original receipt, will require missing receipt report to be complete (Appendix B).
- f) Personal purchases made in error - Cardholders are not to make direct payment on their account, payment is to be provided to Accounts Payable.

For all out-of-town travel, attach a copy of the completed Travel report for cross-reference to the credit card monthly statement.

Department Director Responsibility

Each Director shall recognize and accept the following responsibilities upon approving issuance of a City of Kenora purchase card within their department:

- a) Recommending positions to be granted purchasing cards indicating any purchasing type restrictions, and the per transaction and monthly limits as appropriate.
- b) Approving single purchase and monthly credit limits respectively.
- c) In consultation with the Human Resources Manager, exercise discipline in cases where a Cardholder violates the provisions of this Policy.
- d) Immediately advise the Finance Department = in those cases where abuse or irregularities are known or suspected.
- e) Report a lost or stolen credit card to the Finance Department, and document the incident. Initiate a request for a replacement card.
- f) Review and reconcile the amounts expensed under the purchase card to the appropriate account and identify any unusual transactions.
- g) Be responsible for or appoint staff member(s) to act as the Card Coordinator to monitor and control the use of all corporate credit cards for their department.
- h) Advise the Finance Department when an employee is terminated or no longer requires a purchase / credit card.
- i) Ensure all purchases are made in accordance with available departmental budget and individuals are operating within authority.

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Finance Department General Responsibility

The Finance Department shall:

- a) Act immediately upon receipt of advice that abuse, or irregularities are known or suspected.
- b) Maintain records of all Cardholders.
- c) Ensure the records of the Financial Institution are accurate, complete and properly aligned with each Cardholder's profile. Where required, notify the Financial Institution of transaction errors/disputed charges and follow up on outstanding items on a periodic basis.
- d) Ensure all card statements are reconciled by the appropriate employee, signed off and submitted on a regular basis.
- e) Monitor monthly and transactional limits.
- f) Monitoring card usage to ensure cards with little activity are either confirmed that they are still needed or are cancelled
- g) Perform monthly audits to detect possible violations. The audit selection criteria would include, but not be limited to, meals, air fare, splitting of purchases, miscellaneous / unusual / unique transactions, and random samples.
- h) Provide the CAO with the summary report of findings and follow up with Managers as appropriate to investigate unusual transactions.
- i) Cancel a card when the Cardholder is terminated from employment.
- j) Follow up with the Financial Institution on lost / stolen cards to confirm the card is cancelled.
- k) Ensure General Ledger clearing accounts are cleared and appropriate payments are made to the institution.

Documentation Required

All records shall be maintained at the Cardholders work location until such time as they are reconciled and attached to the monthly card statement and submitted to the Finance Department for review.

Disputed Charges, Returns and Assistance

In the event of disputed charges or a Cardholder has any questions, the Cardholder should contact the Financial Institution directly. In the event there are returns, the Cardholder must check to ensure credit notices are issued by the vendor and attach the credit slip to the statement when reconciled. If a credit slip was not obtained, attach other documentation explaining the return.

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If credit does not appear by the second subsequent statement, the Cardholder must contact the Financial Institution directly.

The Cardholder must also advise the Director of Finance if there is a dispute. The Cardholder must ensure that all required steps to register a dispute are followed. Failure to do so can and will result in the charges being applied to the appropriate budget.

Cardholder Dispute Process steps:

- Review the discrepancy to determine if it is the Supplier's or Bank's error
- Initiate the dispute
- Record on the Transaction Log
- Ensure a correction transaction appears on the next statement