

CORPORATE POLICY



Policy Title: **Purchasing Card (P-Card) Policy**
Policy Category: **Financial Control Policy**
Policy No.: FC-017
Department: Corporate Services
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Author: Tracie Bell, Manager of Purchasing
Attachments: Purchasing Card (P-Card) Guidelines
Related Documents/Legislation:
Key Word(s): P-Card, Purchasing

POLICY STATEMENT:

The City of Waterloo Purchasing Card is the preferred method for most business related, non-travel, low cost purchases (under \$1,000.00 per transaction) of goods and limited services. The use of the Purchasing Card reduces time spent on purchasing and paying for small-dollar, high-volume transactions while maintaining adequate controls in compliance with the City's Purchasing By-Law.

PURPOSE:

To establish the policies and procedures related to the appropriate use of the City's Purchasing Card ("P-Card").

DEFINITIONS:

Acknowledgement of Responsibility Form: The written agreement between The City of Waterloo and the Cardholder.

Card Issuer: The Financial Institution who issues the P-Card, makes credit limits available to the Cardholder and sends payments to a Merchant

Cardholder: City of Waterloo employee who has been issued a P-Card.

Management: For purposes of this Policy and related Guidelines and Forms, refers to the immediate supervisor of the Cardholder (Manager, Director, Commissioner, CAO), or their designee.

Merchant: A vendor from whom a Cardholder purchases goods and/or services.

Mandatory Policy, *Municipal Act*: Yes, Section 270(1)(3)
Policy Administration Team, Review Date: November 3, 2014
Corporate Management Team, Review Date: October 29, 2014

Purchasing Card Coordinators: City of Waterloo employees that assist with the administration of the P-Card program.

Purchasing Card Guidelines: Purchasing Card Guidelines and related Forms available online through the City's corporate intranet. All employees should check the website for current versions.

Purchasing Card Orientation: The mandatory training that must be completed by a City of Waterloo employee prior to being issued a P-Card.

SCOPE:

This policy applies to all City of Waterloo employees. Purchasing Cards are not available for elected officials. Purchasing Cards are available for all City of Waterloo Regular Full Time, Regular Part Time and Temporary Full Time employees (as defined in the Human Resources Policy of Employee Classifications) upon receipt of the appropriate Management approvals.

Purchasing Cards may be available for Temporary Part Time Staff (as defined in Human Resources Policy of Employee Classifications), provided that appropriate approvals are obtained.

Employees should refer to the P-Card Guidelines for further information and forms.

POLICY COMMUNICATION:

The Policy and Guidelines will be posted on the City's corporate intranet. Staff will be advised of the new policy via distribution to the Operation Leadership Team and Corporate Management Team and existing Cardholders.

POLICY:

Administration

Administration of this Policy is in accordance with the Responsibility Matrix outlined in Schedule "A" attached.

Approvals and Controls

The appropriate level of Management must approve all requests for new P-Cards prior to their being processed by a P-Card Coordinator. P-Card Requests for Temporary Part Time Staff will require approval from a Commissioner.

Approval of Cardholder transactions using the P-Card are the responsibility of the Cardholder's Management. **In no instance is an individual allowed to approve their own P-Card statement, regardless of position.** If for any reason the purchases are in question, then it is the responsibility of Management to resolve the issue with the Cardholder. If Management cannot be satisfied that the purchase was necessary then the Cardholder will be required to provide a credit voucher or a personal cheque for the full amount of the purchase. Resolution for improper use of the P-Card will be the responsibility of Management.

Individual Cardholders are responsible for P-Card control, including proper usage and maintaining all required receipts.

Cardholders should not lend or share their P-Cards or complete purchases on behalf of others using their own P-Card. Individuals may, at times request the assistance of administrative staff to complete a purchase on their behalf, however, the requester's P-Card must be used for the purchase in order to maintain appropriate Management approval levels. At no time, except for Pooled Expenses as detailed in this Policy, should an individual use their own P-Card to complete a purchase on behalf of someone else.

A P-Card will not be released until the pending Cardholder participates in a **mandatory** P-Card Orientation and signs an Acknowledgement of Responsibility Form.

Credit Limits

P-Cards will be established with monthly credit limits. Credit limits vary, depending on the Cardholder's responsibility and department role. Each time a Cardholder makes a purchase using the P-Card, the limits will be checked. Should the authorization request exceed the established monthly credit limit, the request will be declined. From time to time it may be necessary to request to have a credit limit increased. A signed Request Change Form will be required and must include an explanation of the business purpose for the request and the length of time that the increase is required.

The Request Change Form must be approved by the appropriate level of Management and the Manager of Purchasing.

P-Cards have two credit limit types in place to manage risk:

Type 1: Basic; and

Type 2: Administrative.

Typically all employees will be granted a Type 1: Basic Card.

Type 2: Administrative cards have higher transaction and monthly usage limits and are primarily used for employees who purchase shared items (e.g. office supplies, IT licenses) or employees whose position involves high volume, low cost purchasing.

Pooled Expenses

Similar expenses (for items such as conferences) can be pooled provided that the P-Card used for the pooled expense is that of the highest level employee in order to ensure that appropriate Management approvals are maintained. **In no instance, including for pooled expenses, is an individual allowed to approve their own P-Card expenditure, regardless of position.**

Type 2: Administrative cards or temporary credit limit increases can be requested in order to pool expenses.

Example 1: A Director is attending a conference along with three members of his staff. The Director could request a temporary credit limit increase to allow the pooled expenses to be put on his P-card. The Director's administrative assistant could arrange for the conference registration and hotel accommodations for all attendees, on the Director's P-Card. The reconciliation would be submitted to the Commissioner for approval because the pooled expenses include those of the Director.

Example 2: A Director is attending a conference along with three members of his staff. A staff member could request a temporary credit limit increase to allow the pooled expenses for the three members of the Division (of the same level) to be put on one Cardholder's P-Card. The Director could put their individual expenses on their own P-Card. The staff Cardholder's reconciliation for the three pooled expenses would be approved by the Cardholder's Management. The Director's reconciliation would be submitted to the Commissioner for approval.

General

1. All P-Card transactions must be processed in accordance with the City's Purchasing By-Law.
2. The P-Card may be used for City of Waterloo purchases up to an approved threshold (Type 1 or Type 2) per transaction.
3. The P-Card may **not** be used for personal purchases or cash advances.
4. The P-Card may **not** be used for personal travel.
5. Purchases must comply with Health & Safety policies as set out by the City of Waterloo.
6. Items purchased using a P-Card cannot be returned for cash.
7. The Cardholder **MUST** retain the sales receipt and/or credit card transaction slip, packing slips or any other information related to the purchase, and attach them to the monthly reconciliation statement submitted to Accounts Payable.
8. Under no circumstances should a Merchant include the P-Card number on any address label or packing list. Inclusion of same would threaten the security of the P-Card.
9. To manage the P-Card properly, the Cardholder should use the following practices:
 - The P-Card should be kept in a secure location; and
 - Cardholders should not lend/share your card (minimizes risk of misuse or lost/stolen cards). Cardholders, at times, may request the assistance of their support team member in completing a purchase on their behalf using the benefiting Cardholder's P-Card.

Purchasing and Accounting and Revenue may from time to time review P-Card purchasing activity to ensure compliance with this policy and is authorized to suspend the P-Card privileges of any Cardholder who is deemed to be in violation of this policy.

Violation of this policy and/or the duties and responsibilities listed in the P-Card Guidelines will result in revocation of the P-Card and further disciplinary action by Management.

Restricted Purchases

The P-Card must **NOT** be used for the following:

PERSONAL USE

The P-Card is not to be used for personal use such as meals, sending goods via courier, shopping, etc. All purchases made on the P-Card should be for official City of Waterloo business only. Cash advances are **NOT** permitted.

SPLIT PURCHASES

Split purchases are defined as purchases costing more than the transaction limit where a vendor has split to the dollar amount to allow you to remain below an authorized transaction limit.

Example 1: Attempting to purchase goods or services worth \$4,500 by putting \$3,000 on the P-Card today and the remaining \$1,500 on the P-C card tomorrow.

Example 2: The requirement is for several pieces of the same equipment and they are purchased over a number of days.

INAPPROPRIATE PURCHASES

Inappropriate purchases are restricted goods or services that should not be purchased with a P-Card. These include:

- The payment of contractors for services (*Example HVAC and Electrician*), anything that requires insurance and WSIB. These purchases should be completed using a Purchase Order and should be invoiced;
- Using the P-Card at a Merchant, when the same goods are available at the City's Stockroom; and
- The purchase of alcohol for personal consumption.

Merchants of specific items/services are blocked from accepting the use of the P-Card.

Examples of these items/services include:

- Alcohol (except for purchases made by foodservices staff for facilities/events)
- Cigarettes/Cigars
- Legal Services, Child Care, Personal Services

- Court Costs/Fines/Bail/Taxes
- Financial Services (Cash Advances)
- Billiards, Video Amusement, Betting

Supporting Documents

- Schedule "A" – Responsibility Matrix
- Purchasing Card Guidelines

COMPLIANCE:

In cases of policy violation, the City may investigate and determine appropriate corrective action.

Schedule “A” to Corporate Policy FC-017
Responsibility Matrix for the Management of P-Cards

Cardholder Responsibilities

1. Overall responsibility for acceptable City of Waterloo business use, safe storage and access (no one else uses).
2. Understanding and conformance to all City of Waterloo Purchasing Procedures and By-Laws.
3. Participation in all related training to ensure understanding of Purchasing Card responsibilities.
4. Maintenance of all documentation related to purchases (i.e. receipts, packing slips, return related notes etc.).
5. Ensuring completion of on-line statement reconciliation at the end of the month must be reconciled, approved and submitted to Accounts Payable within 10 days of the statement date.
6. As part of the statement reconciliation – ensuring completion of the P-Card Transaction Log (involves allotting dollar amounts to the appropriate account #'s).
7. Timely notification to P-Card Coordinator of any technical difficulties experienced while completing on-line statement.
8. Ensuring that a printed copy of reconciled statement with supporting attached documents is provided to Management for approval within required timelines.
9. Manage “returns” portion of statement by carrying forward credit (if required) with same budget code.
10. Contacting Merchant directly to address any errors or disputes or to follow-up on credits for returns that have not been processed in a timely manner.
11. Generating and retaining notes on any discussions with the Card Issuer concerning possible disputes.

12. Contacting the Card Issuer immediately if there are any issues with the card – such as lost or stolen.

* Should be handled as if it was own personal card (due diligence).

13. Contact of P-Card Coordinator if P-Card is lost or stolen – no later than next business day.

14. Notification to P-Card Coordinator if P-Card is ever rejected.

Purchasing Card Coordinators

1. Completion of on-line application for P-Cards.

2. Distribution of new P-Cards.

3. Facilitation of Training related to P-Card usage and overall requirements.

4. Revision of Limits if approved by Management.

5. Managing of Merchant Category Codes.

6. Notification to Cardholder if any fraudulent activity identified by P-Card Issuer (compromised cards).

7. Cancellation of Cards as directed by Management.

8. Providing technical support.

9. Conducting Audits to confirm compliance with the Policy and Guidelines.

Management

1. Place requests for new P-Cards.

2. Review requests to have limits increased and approve if acceptable

3. Monthly approval of P-Card statements.

4. Resolution of any issues that occur through review of monthly statements.

5. Resolution of improper use of cards.

6. Managing disciplinary action for any misuse of P-Card.

7. Notification to P-Card Coordinator if employee leaves area of direct responsibility.
8. Ensure cards are returned to P-Card Coordinator to be destroyed if employee leaves City of Waterloo.
9. Notify P-Card Coordinator by email if P-Card cannot be obtained.

Accounting and Revenue

1. Payment of overall monthly P-Card Account.
2. Escalation point for Merchants that do not process credit for returns in timely manner after requests have been made by a Cardholder.
3. Communication to Management of any discrepancies to process.
4. Conducting random Audits to confirm compliance with the Policy and Guidelines.