



# FORTFRANCES

## BOUNDLESS

### **PURCHASING CARD**

### **ADMINISTRATION & FINANCE 1.09**

## **POLICY**

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Superseded: N/A

**1. PURPOSE**

- (1) The purpose of this program is to provide the Town of Fort Frances, with an easy, low-cost purchase and payment-processing alternative to petty cash, invoice/cheque processing and prepaid purchase orders within established purchasing authorization.
- (2) The Purchasing Card Program is not intended to avoid or bypass other appropriate procedures.

**2. AUTHORITY AND LIABILITY**

- (1) The Town of Fort Frances may delegate purchasing authority to departments for the purchase of goods and some services within the established purchasing authorization limits as outlined in the Town of Fort Frances Purchasing Policy. The Town of Fort Frances will set limitations on the type of goods and services that may be purchased on the Purchasing Card.
- (2) Multiple purchases with a Card are not to be combined to initiate purchases in excess of the assigned limit unless authorized by the Treasurer or designate.
- (3) Liability for authorized charges on the Purchasing Card rests with Town of Fort Frances, not the individual Cardholder.
- (4) Liability for unauthorized personal charges on the Purchasing Card rests with the individual Cardholder.

**3. RESPONSIBILITIES**

**3.1. CARDHOLDER**

- (1) Division Manager shall submit a request for a Purchasing Card for an employee in their division, including the determined single transaction limit and the monthly transaction limit, to the Purchase Card Co-ordinator (Treasurer or Deputy Treasurer). A Request Form will be provided upon request;
- (2) Cardholder reads, agrees to and signs a Town of Fort Frances Purchasing Cardholder Agreement, when picking up purchasing card from Purchase Card Co-ordinator;
- (3) Cardholder maintains the security of the Purchasing Card;
- (4) Cardholder shall ensure the purchase of authorized goods;

- (5) Ensures spending authority approves purchase in advance;
- (6) The Cardholder will either:
  - (a) present the merchandise and the Purchasing Card to the supplier,
  - (b) select the goods or services, contacts the Supplier via phone or fax and places the order charging the goods to the Purchasing Card, or
  - (c) make online purchases and use the Purchasing Card for payment.
- (7) The Cardholder must:
  - (a) Inspect and verify the accuracy and quality of the goods received;
  - (b) Reconcile and verify all purchasing receipts and statements and forward the original documents to Finance Division within the timeframe requested by Treasury after receiving the Purchasing Card statement;
    - (i) If you lose a receipt, attempt to get a copy from your supplier. If it is impossible to get a copy then create one detailing the information required on a receipt and have your supervisor/manager sign it as an authorized proof of purchase.
      - (1) All receipts must include the following information:
        - Purchasing Card #
        - Itemized description of goods or service purchased
        - Supplier name
        - Transaction date
        - Transaction total
        - HST if applicable
- (8) Identifies discrepancies and reports to the supplier and the Purchasing Card Co-ordinator if the statement is incorrect;

- (9) Lost or stolen cards are notified immediately to US Bank Card Centre at the number on the card and the Purchasing Card Co-ordinator (Treasurer -274-5323 Ext 1225 or Deputy Treasurer Ext 1224).
- (10) Notifies the Purchasing Card Co-ordinator in writing of name, telephone number, address and department changes.
- (11) Notifies the Purchasing Card Co-ordinator upon employment resignation and returns purchasing card to same.
- (12) Notifies the Purchasing Card Co-ordinator about any leave of absence over one month in length to have purchasing card put on “voluntarily closed” to ensure no purchases are made during the employees leave period.
- (13) Notifies the Purchasing Card Co-ordinator about return from leave of absence and request to have purchasing card taken off voluntarily closed.

### 3.2. PURCHASING SERVICES

- (1) Purchasing Card Co-ordinator(s) appointed (Treasurer and Deputy Treasurer);
- (2) Performs spot audits to ensure compliance with Purchasing Card policy and procedures, and general purchasing activities;
- (3) Identifies future Purchasing Card enhancements and applications;
- (4) Notifies appropriate administrators and managers of non-compliance issues;

### 3.3. PURCHASING CARD CO-ORDINATOR

- (1) Approves/Changes/Cancel's Purchasing Cards upon request from Division Manager or Supervisor;
- (2) Establishes and maintains communication;
- (3) Primary contact person for questions regarding the use of Purchasing Cards for the Town;
- (4) Ensures Cardholder Agreements are completed correctly and approved appropriately;
- (5) Maintains Purchase Card Request Forms, Purchasing Cardholder Agreements, Purchasing Card Applications, Cardholder Limits and Change Requests;
- (6) Informs Cardholders of their responsibilities and obligations for use of the Purchasing Card;

- (7) Advises (financial institution) of changes to status of Cardholders;
- (8) Cancels cards immediately upon employee termination. (Division managers must immediately notify the Purchasing Card Co-ordinator of the termination of employment of any employee who holds an issued Purchasing Card);
- (9) Distributes Purchasing Cards and witnesses that each cardholder signs the Town of Fort Frances Purchasing Cardholder Agreement;
- (10) Reviews and verifies that the monthly transactions are appropriate;
- (11) Ensures cardholder confidentiality.

### 3.4. FINANCE DIVISION

- (1) Processes the monthly Purchasing Card transactions in the financial software;
- (2) Stores and files all Cardholder original receipts and monthly statements.

### 3.5. CARD COMPANY

- (1) Co-ordinates and structures the initial implementation of the Purchasing Card;
- (2) Assists in the development and implementation of specific applications;
- (3) Assists in training and development of Cardholders;
- (4) Manages all aspects related to client services;
- (5) Provides recommendations/solutions to problems and concerns;
- (6) Co-ordinates activities, communication, new account information and electronic data interchange transmissions between the bank and the (Town of Fort Frances);
- (7) Assists the Purchasing Card Co-ordinator with analysis and reports on the Purchasing Card Program.

## 4. HOW DOES THE PURCHASING CARD WORK?

- (1) **The Purchasing Card is for business use only.**
- (2) The Purchasing Card is a commercial VISA credit card. There are specific merchant limitations, single transaction limits and monthly limits. Each time you use your Purchasing Card, an

electronic process verifies that your purchase is within the predetermined limits. If your purchase violates these limits, the supplier will not be able to process your order.

### 4.1. DECLINED PURCHASE

- (1) If your purchase is not approved by VISA, call USBank Card Centre at the number on the card to determine the reason for the decline.
- (2) If you believe that the spending limits are too restrictive then you must have your supervisor/manager complete a new request and provide it to the Purchasing Card Coordinator.

### 4.2. RETURNING AN ITEM PURCHASED WITH A PURCHASING CARD

- (1) For all purchases, return the item directly to the supplier and obtain a credit receipt to include with the next monthly statement.
- (2) **Cash refunds are prohibited.**

### 4.3. REVIEWING AND RECONCILING MONTHLY STATEMENTS

- (1) The monthly Purchasing Card Statement will be e-mailed to each cardholder or their supervisor by the 10th of the month.
- (2) **It is the responsibility of the cardholder to verify that they have received the monthly statement and verify the accuracy of the statement by reconciling the receipts to the statement.** You are checking for:
  - (a) Amounts on the VISA statement that are different from your receipts. (The difference may be a shipping or handling charge).
  - (b) Items on the statement that you did not purchase.
- (3) If you find a discrepancy, follow the instructions under "Incorrect Charges".
- (4) Attach the receipts with GL codes noted on them to the monthly statement in the same order as they appear on the statement.
- (5) Sign the statement. Your signature confirms that:
  - (a) the charges are correct with any exceptions noted
  - (b) all receipts are attached

(c) all purchases are authorized Town purchases

- (6) Forward the signed statement and receipts to your supervisor/manager for their authorized signature. The CAO is to forward their signed statement and receipts to the mayor for their authorized signature. Forward the statement and receipts to the Finance Division by the due date on the statement.

#### 4.4. INCORRECT CHARGES

- (1) If you find a discrepancy between your quote and statement, call the supplier immediately to resolve the discrepancy. If a transaction on the monthly statement does not belong to you contact US Bank Card Customer Service at 1-800-588-8065 and advise your Purchasing Card Co-ordinator.

#### 4.5. PRODUCT QUALITY/SERVICE

- (1) If you receive a product that is either incorrect or defective allow the supplier a reasonable amount of time to either replace the product, resolve the service issue or issue you a credit.

#### 4.6. LOST OR STOLEN CARDS

- (1) **If you have lost your Purchasing Card or had it stolen contact US Bank Card Customer Service at 1-800-588-8065 immediately.**
- (2) Record the name of the person you contacted and the exact time of the call.
- (3) Notify the Purchasing Card Co-ordinator immediately after contacting US Bank. US Bank will block further use of the existing card and issue a new card and account number.

### 5. SPENDING CONTROLS

#### 5.1. CARDHOLDER MONTHLY CREDIT LIMIT

- (1) This monthly limit is the maximum dollar amount authorized for a cardholder within a 30-day billing cycle. Spending limits for each cardholder vary per card and have been set based on discussions with the Manager in conjunction with the Purchasing Card Co-ordinator.
- (2) To allow for ongoing use of each Purchasing Card, cardholder monthly spending limits are replenished automatically by the bank on the day following the issue of statements. The statement day is set for the 6th of each month. Cardholder balances are cleared at midnight on the 6th of each month.

- (3) To request an adjustment to your credit limit, the Manager must complete the Purchase Card Limit Change Request Form and forwarded to the Purchasing Card Co-ordinator. Each request received will be reviewed to determine the viability of the request.

## 5.2. AUDITS

- (1) The Treasurer will periodically perform internal audits for compliance with Purchasing Card policies and procedures.
- (2) The following non-compliant situations may result in cancellation of a Purchasing Card:
  - (a) Inadequate supporting documentation for purchases,
  - (b) Inappropriate purchases, or
  - (c) Monthly statements that have not been reconciled and signed by the Cardholder and Supervisor/Manager.
- (3) Cardholders may be subject to disciplinary action for the following non-compliant situations:
  - (a) Personal use of the Purchasing Card,
  - (b) Not reporting a lost or stolen Purchasing Card, or
  - (c) Other excessive violations of Purchasing Card policies.

## 5.3. PURCHASING CARD CANCELLATIONS

- (1) If it is necessary to cancel a Purchasing Card, the Cardholder must return the Purchasing Card to the Purchase Card Coordinator. The Purchasing Card Coordinator will contact the Card Company to immediately cancel the card.
- (2) The Purchasing Card Coordinator will cut the card in half and the card may then be disposed of. Reasons for cancellation:
  - (a) Cardholder is no longer employed by the Town,
  - (b) Cardholder goes on leave without pay, or
  - (c) Cardholder is requested to surrender the Purchasing Card due to violation of policies.



## 6. AUTHORIZED PURCHASES

- (1) Purchasing Cards may be used to purchase the following goods & services:
  - (a) Travel related expenses such as hotel accommodation, airline tickets, car rentals, and conference and seminars fees,
  - (b) Magazine Subscriptions,
  - (c) U.S. purchases or other foreign countries,
  - (d) Library/Text books and other supplies,
  - (e) Supplies and materials,
  - (f) Computer software and hardware,
  - (g) Equipment and Furniture including freight and taxes,
  - (h) Meeting refreshments and lunches, or
  - (i) Any other budgeted items within your scope of responsibility.

## 7. UNAUTHORIZED PURCHASES

- (1) Purchasing Cards must not be used to purchase the following goods and services:
  - (a) Alcoholic beverages, meals (use travel expense report for per diem) and entertainment, or
  - (b) Casual labour.