

## **Purchasing Card Policy**

### **1.0 Policy Statement**

The City of Mount Pearl may implement a Purchase Card Program as a convenient, efficient and cost-effective means for the purchase of goods and services that fall under eligible purchases. This Purchase Card Program also applies to permitted business travel and meal expenses up to but not exceeding the transaction limit set by the City's Chief Administrative Officer.

### **2.0 Background**

The City of Mount Pearl's Purchasing Card Program provides a convenient, efficient, cost-effective method of purchasing and paying for small dollar as well as high volume purchases. The type of program is used as an alternative to traditional purchasing process and can result in significant reduction in the volume of purchase orders, invoices and cheques processed by the City. Purchasing cards can be useful whenever a purchase order, cheque requisition or the use of petty cash would have been otherwise requested and can be used with any vendor that accepts credit cards.

### **3.0 Purpose**

The purpose of this policy is to outline the guidelines and procedures to be followed for the implementation and use of the City's Purchasing Card Program.

### **4.0 Terms and Definitions**

- A. Cardholder:** An Individual Purchasing Card holder and/or the designated custodian/responsible manager in the case of departmental cards.
- B. Acceptable Purchases:** Purchases made on behalf of the City and include:
- Single non-recurring purchase transactions not exceeding \$2000.00 CAD. Or over \$2000.00 CAD if approved by the CAO.
  - Purchases otherwise made using petty cash or personal funds/credit card requiring reimbursement from the City.
  - Authorized business travel and training expenses.
- C. Prohibited Purchases:** Purchases that do not conform with acceptable purchases and include:
- Goods and services for personal use.

- Travel expenses covered under per diem (e.g., meals and/or personal expenses).
- Training expenses where the course fees are reimbursed only upon satisfactory completion.
- Cash advances or settlement of City internal accounts.
- Any good/material stocked in Central Stores including safety and protective equipment.
- Any other purchase other than Eligible Purchases.

It must be noted that the purchase of prohibited items may be allowed, except personal use items, in emergency cases or where approved for specific cardholders by the applicable Director. In the case of emergency purchases, approval prior to the purchase should be obtained when possible by the cardholder from the designated Director. Appropriate explanation and justification must be attached to the cardholder monthly statement with receipts.

## **5.0 Authorization of Purchase Card Guidelines**

- I. Employees who would like to obtain a Purchase Card must obtain written authorization from their Director.
- II. The Purchase Card is property from the City of Mount Pearl. As such it cannot be transferred to, assigned, or used by anyone other than the designated Cardholder.
- III. Each City of Mount Pearl Department will determine and advise the permitted uses, limits and restrictions of Purchase Cards issued to their employees in accordance with the business needs of the Department.
- IV. The Purchase Card may be used by employees for Eligible Purchases, supported by original receipts submitted to the Finance Division.
- V. When a Purchase Card transaction is assigned to a departmental cost center, each transaction must be approved by the Director of the Department.
- VI. It is the Cardholder's and the Director's responsibility to ensure that the Purchase Card has been used for an Eligible Expense and is supported by an original receipt.
- VII. Director must approve and sign all purchase card statements.
- VIII. Purchase cards must not be used to circumvent any procurement policy and/or procedure.
- IX. The City of Mount Pearl reserves the right to:
  - a) Audit all Purchase Cards expenditures at any time, including after approval of Purchase Card expenditures, to ensure that all Cardholders have complied with this policy.
  - b) Require the Cardholder to reimburse personally the City for any ineligible purchases, regardless of whether the Supervisor or Director previously approved the transaction as an eligible purchase.
  - c) Assign reimbursement for ineligible purchases made by the Cardholder against payments otherwise due and owing to the Cardholder by the City; and/or
  - d) Revoke the Cardholder's Purchase Card and privileges at any time.

## **6.0 Responsibilities**

### **A. Director of Corporate Services**

The City's Director of Corporate Services is responsible for the:

- Review of Director Purchase Card applications from employees to determine eligibility and or alternative measures.
- Approval of cardholder applications based on operational needs.
- Approval of appropriate transaction and monthly credit limits, in coordination with the Director of Corporate Services, if higher than the default limits.
- Interpretation and administration of the Purchase Card Policy in consultation with the CAO.
- Provide sessions and resources so that cardholders are trained and aware of applicable policies and procedures.

### **B. Purchase Card Administrator**

- Submit approved Purchase Card requests to financial provider.
- Maintain a permanent file of Cardholder applications and related information.
- Assist in the resolution of problems involving Cardholders, suppliers and/or the Purchasing Card issuing company.

### **C. Accounts Payable**

- Review and assess monthly billing statements, reconciliations, compliance and exception reports, and management reports for unusual activity.
- Reconciling the monthly invoice from the Purchase Card provider and processing payment to the card provider on a timely basis.
- Notify the appropriate department director or manager of any related issues.
- Undertake expense report compliance review programs.
- Perform continuous monitoring to ensure compliance with the City's *Purchase Card Policy* and reports non-compliance to the Manager of Finance and the Director of Corporate Services.


### **D. Authorizing Manager and/or Director**

- Identify opportunities and appropriate individuals to receive and use the Purchase Card.
- Recommend to the Director of Corporate Services the appropriate transaction and monthly credit limit for individual staff in accordance to the City's operational needs.
- Verifying that the cardholder is using the card in accordance with the City's policy and verifying that those transactions are related to and consistent with the job responsibilities of the cardholder.
- Reviewing and approving the cardholder's monthly transaction statements, and ensuring appropriate supporting documentation is attached for each transaction.
- Investigating any transactions which may be non-compliant with the City's definition on Acceptable Purchases; providing documentation to support exceptions or prohibited purchases.

**E. Cardholder Responsibilities**

- Responsible to comply with the terms and conditions of City of Mount Pearl's Purchase Policy.
- Keep the Purchase Card in a secure place.
- Immediately report a lost stolen Purchase Card to both the Financial Institution and the Purchase Card Administrator.
- Obtain and retain original supplier documentation for all Purchase Card purchases made in person, via telephone or online.
- Review monthly statements and provide receipts and supporting documentation to the Finance Division.
- Ensure all purchases are for City business and not personal use.

**7.0 Approvals**

  
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Steve Kent, Chief Administrative Officer  
  
September 17, 2018  
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Date