



LLOYDMINSTER

**City of
Lloydminster**

Policy

Policy Title:	Purchasing Card Policy		Policy Number:	023-2017	
Date of Council Approval:	October 30, 2017	Motion No.:	301-2017	Year of Review:	2020
Department Sponsored by:	Finance Department				

1. Purpose:

- 1.1. To empower employees within their departments or areas of responsibilities to use Purchasing Cards for City purchases that are within their specified limits.

2. Objective:

- 2.1. To guide the use of Purchasing Cards for departmental procurement and payment of goods and services where it is efficient, economical and operationally advantageous to do so.

3. Definitions:

Back Up Documentation	Transaction slips, credit vouchers, packing slips, etc. that provide the necessary information related to the actual purchase and will be used to match to the cycle statement.
Cardholder	Any person who has been issued, and is in possession of a purchasing card.
Cardholder Agreement	The agreement which details the cardholder's responsibilities and is signed by the Cardholder prior to taking possession of the purchasing card.
Credit Return Receipt	A receipt provided by a vendor when an item originally purchased using the purchasing card is returned to the vendor and the applicable transaction fee is returned and applied against the purchasing card account.
Cycle Statement	A monthly transaction statement issued by the financial institution electronically for each cardholder. The cycle statement is a tool used to reconcile all transaction slips and related documentation.

Executive Coordinator	A member of Administration responsible for assisting the City Manager and Members of Council.
Executive Managers	Includes the following positions: Chief of Staff, City Clerk, City Manager, Chief Financial Officer, Executive Manager Operations, and Executive Manager Community Development Services.
Foreign Purchase	A purchase made that is not in Canadian funds
Itemized Transaction Receipt	A detailed receipt provided by the vendor detailing individual products and services purchased by product description, unit price, subtotal, taxes and extended total.
Member of Council	An individual elected pursuant the Saskatchewan Elections Act 2015 as a Member of Council.
Merchant Control Code (MCC)	Codes that are placed on all purchasing cards restricting the location and type of purchase.
Monthly Transaction Limit (MTL)	The collective total of all transactions to a stipulated maximum dollar value on a monthly basis including all taxes.
Personal Usage	Using the purchasing card to purchase goods/services that are not relevant to work requirements and are of no benefit to the City.
Purchasing Card	A credit card provided by a recognized financial institution imprinted with the cardholder's name, City of Lloydminster, credit card number and validity period.
Purchasing Card Administrator (PCA)	The person(s) responsible for administrating and the Purchasing Card Program.
Purchasing Card Application Form	The document requesting the issuance of a new purchasing card.
Reconciliation	The process of matching transaction receipts and documentation to the cycle statement ensuring all charges, taxes and account allocation is documented and correct.
Repeat Vendor Accounts	Vendors with whom the City of Lloydminster have monthly repeat payments, such as office supplies and utilities.
Single Transaction Limit (STL)	The stipulated maximum dollar value that can be applied to the purchasing card on a per transaction basis.
Suspension	A period of time where the cardholder will not be permitted to use the purchasing card and the card is to be submitted to the Purchasing Card Administrator.

Transaction	The total extended purchase price including all applicable taxes.
Vendor	Any person or enterprise supplying goods or services to the City of Lloydminster.

4. Scope:

- 4.1. This policy applies to all employees who possess a Purchasing Card or are responsible for reviewing and approving purchasing card Transactions.

5. Responsibilities:

- 5.1. The Purchasing Card Administrator (PCA) shall:
 - 5.1.1. act as the primary controller for the City of Lloydminster’s purchasing card program and report Purchasing Card data to the Finance Department on a regular monthly basis;
 - 5.1.2. serve as the key contact for Vendors and the financial institution providing the Purchasing Cards;
 - 5.1.3. process requests for new Purchasing Cards, credit limit changes and cancellation of cards;
 - 5.1.4. notify the financial institution of any unresolved issues on Cardholder’s Cycle Statement if issue is resolve through the Vendor;
 - 5.1.5. develop and provide Cardholder Training;
 - 5.1.6. develop and provide training for supervisors of Cardholders;
 - 5.1.7. develop and maintain program literature and materials;
 - 5.1.8. maintain a log of all card numbers, Cardholder’s names and signatures, expiry dates, transaction limits and applied Merchant Control Codes;
 - 5.1.9. review the conduct of all Purchasing Card activity and ensure compliance with this policy and all other applicable policies, procedures, bylaws and legislation;
 - 5.1.10. provide reports to managers upon request and notify the appropriate manager(s) if and when any transactions are declined for legitimate acquisitions;
 - 5.1.11. suspend any employee’s Purchasing Card on the third incident of misuse, on a temporary or permanent basis.

- 5.2. The Cardholder shall:
 - 5.2.1. adhere to all conditions and restrictions imposed by the financial institution issuing the Purchasing Card and the City of Lloydminster;
 - 5.2.2. sign the Cardholder Agreement indicating complete understanding of the agreement and the guidelines established by the City of Lloydminster, including this Policy and all other relevant policies, bylaws and legislation;
 - 5.2.3. sign and store the Purchasing Card in a secure place;

- 5.2.4. report lost or stolen cards to the PCA as soon as possible and/or within 24 hours;
- 5.2.5. maintain all Itemized Transaction Receipts, sales slips and credit vouchers to facilitate Reconciliation of Cycle Statements and identify the proper G/L allocation;
- 5.2.6. only use this card for business purchases;
- 5.2.7. reconcile monthly Cycle Statements;
- 5.2.8. obtain all required Material Safety Data Sheets (MSDS) for all WHMIS controlled products purchased with Purchasing Cards;
- 5.2.9. ensure that Vendors have valid business licenses;
- 5.2.10. be responsible for their card at all times and any inappropriate purchases.
- 5.2.11. notwithstanding anything else in this policy, be responsible for any purchases made on behalf of other employees including but not limited to;
 - a. If making a purchase for another employee the purchase must be within all employees individual STL and MTL.

5.3. Executive Managers or Designates shall:

- 5.3.1. assess the need for Purchasing Cards based on operational requirements including limit and code categories;
- 5.3.2. initiate new Purchasing Card requests by completing a Purchasing Card Application Form and forward it to the PCA;
- 5.3.3. review and approve Purchasing Card expenditures within their areas for the City of Lloydminster.
- 5.3.4. ensure Cardholders receive the required training, policy and procedures and are informed of their responsibility regarding the use of Purchasing Cards.
- 5.3.5. be allowed to assign one (1) Executive Assistant or designate written permission to use the Executive Managers card for the purpose of:
 - a. Accommodations; and/or
 - b. Travel arrangements; and/or
 - c. Registrations.
- 5.3.6. The Executive Coordinator shall be allowed to make purchases as outlined in Section 5.3.5 for a Member of Council and the City Manager.

5.4. The Finance Department shall:

- 5.4.1. receive all reconciled statements, update general ledgers and review GST rebates prior to payment cycle date;
- 5.4.2. perform audit functions to ensure all corporate policies, bylaws and applicable legislation are adhered to.

6. Card Suspension Authorities:

- 6.1. The PCA and Executive Managers or Designates have the authority to suspend the use of a Purchasing Cards on a temporary or permanent basis.
- 6.2. If there is a dispute by either the Cardholder or the PCA and/or Executive Managers or Designates regarding the temporary or permanent Purchasing Card suspension, the Chief Financial Officer or Designate shall make the final decision.
- 6.3. If a Purchasing Card is temporarily or permanently suspended, the Cardholder shall return the Purchasing Card to the PCA immediately.
- 6.4. Any misuse or misappropriation of the Purchasing Card will be reported according to the following compliance program. Any abuse may result in a temporary or permanent suspension of purchasing card usage.

7. Compliance Program:

- 7.1. All Purchasing Card activity will be monitored to ensure that the use of the Purchasing Card is in compliance with this policy, and all City of Lloydminster policies and bylaws and applicable legislation.
- 7.2. Three (3) incidents of non-compliance for the same Cardholder will result in that Cardholder losing their right to have a Purchasing Card and the Purchasing Card will be suspended.
- 7.3. If a Purchasing Cardholder has had a Purchasing Card suspended, he or she can be only be re-issued a Purchasing Card after a twelve (12) month period by written approval from an Executive Manger or designate and the Chief Financial Officer or designate.
- 7.4. Non-compliance activities include, but are not limited to:
 - 7.4.1. late submission of the monthly Purchasing Card Reconciliation to the Finance Department. All reconciliation statements and accompanying receipts are to be submitted to Financial Services by the 15th of the month following the date of the Cycle Statement.
 - 7.4.2. failure to submit supporting paper documentation for the monthly Reconciliation (ie: invoices, transaction slips, register receipts, credit vouchers).
 - 7.4.3. no authorization approval signature on the monthly Reconciliation.
 - 7.4.4. loaning, lending and/or transferring of the purchasing card to another employee.

- 7.4.5. acceptance of cash or a cheque from a Vendor who is making a refund for a transaction previously charged to a Purchasing Card.
- 7.4.6. a lost or misplaced Purchasing Card which has not been reported by the Cardholder to their Executive Manager or designate and to the PCA.
- 7.4.7. splitting a transaction to avoid the Single Transaction Limit (STL).
- 7.4.8. the duplication of payment of a transaction (payment of a transaction via the purchasing card in addition to a cheque requisition or some other form of payment).
- 7.4.9. non-compliance with this policy.
- 7.4.10. under no circumstances is an individual allowed to approve their own Purchasing Card statement.

8. Non-Compliance Incidents:

8.1. First incident:

- 8.1.1. Notification by the PCA of the incident to the Cardholder, the Cardholder's Supervisor, and the Chief Financial Officer.

8.2. Second incident:

- 8.2.1. Notification by the PCA of the incident to the Cardholder, the Cardholder's Supervisor and the Chief Financial Officer.
- 8.2.2. The Cardholder shall be retrained by the PCA.

8.3. Third incident:

- 8.3.1. Suspension of the Purchasing Card for a 12 month period by the PCA, and notification by the PCA to the Cardholder, the Cardholder's supervisor, and all members of the Executive Leadership Team that the Cardholder has been suspended from using a Purchasing Card.
- 8.3.2. Third incidents shall be filed on the employee's personal file on a non-disciplinary basis.

9. Controls:

- 9.1. Cardholders must attend an orientation/training session prior to taking possession the their Purchasing Card;
- 9.2. The PCA will maintain a master file of all purchasing cards limits;
- 9.3. No transactions can exceed the prescribed Single Transaction Limit (STL) and/or the Monthly Transaction Limit (MTL);
- 9.4. The City of Lloydminster has a standard Merchant Control Code (MCC) prohibiting the use of Purchasing Cards within a specified Vendor group;

- 9.4.1. if a Cardholder attempts to process a transaction for which a MCC has not been implemented, the transaction will be declined.
- 9.5. The financial institution selected shall have a web portal that allows daily monitoring of all transaction;
 - 9.5.1. any personal purchases will be immediately identified by careful monitoring of transactions by all Cardholder's Supervisors and the PCA.
- 9.6. Cash advances are not permitted.
- 9.7. Reports detailing Cardholder Transactions are generated on a monthly basis and are reviewed by the PCA and Council.

10. Purchasing Card Limit and Merchant Code Category Code:

- 10.1. Transaction limits are set per card dependent on the individual Cardholder's purchasing responsibility and shall be in accordance with the table in Schedule "A".
- 10.2. Requests for temporary changes to any Cardholder's DTL, MTL or MCC, shall be submitted in writing to the PCA by the Cardholder's Supervisor and shall include details of why the request is being made.
- 10.3. All temporary changes to a Cardholder's DTL, MTL, or MCC will automatically be restored to the standard limits by the PCA after the next Cycle Statement is issued.

11. Penalty:

- 11.1. Any staff member found to be in violation of this policy may be subjected to a disciplinary action. Such action may be dependent upon the nature of the breach of this policy; discipline may range from a written warning to dismissal with cause.
- 11.2. Any Member of Council found to be in violation of this policy may be dealt with utilizing the "*Code of Conduct Bylaw*" or provisions of "*The Lloydminster Charter*."

12. Responsibility:

- 12.1. City Council will review and approve all policies.
- 12.2. City Administration will administer the policy through the use of a supporting procedure.

12.3. Sponsoring Department is responsible for creating and amending a supporting procedure.

Schedule A

Category	Description	Single Transaction Limit (STL)		Monthly Transaction Limit (MTL)		Merchant Category Code (MCC)
Type 1	<ul style="list-style-type: none"> • Front Line Staff • Executive Assistants 	Maximum:	\$500	Maximum:	\$1,000	Non-Travel
Type 2	<ul style="list-style-type: none"> • Supervisors • Managers 	Maximum:	\$2,500	Maximum:	\$5,000	Travel
Type 3	<ul style="list-style-type: none"> • Senior Managers • Executive Coordinator • Chief of Assessments • Directors • Executive Managers • City Clerk • Chief of Staff • CFO • City Manager 	Maximum:	\$5,000	Maximum:	\$10,000	Travel
Type 4	<ul style="list-style-type: none"> • Special Case 	Maximum:	\$5,000	Maximum:	\$10,000	Travel
Type 5	<ul style="list-style-type: none"> • Repeat Vendor 	Maximum:	\$500,000	Maximum:	\$500,000	Non-Travel