



# DISTRICT OF WEST KELOWNA

## COUNCIL POLICY MANUAL

Pages: Page 1 of 11  
Approval Date: 2008-MAR-25

<b>SECTION:</b> FINANCE
<b>SUBJECT:</b> <b>PROCUREMENT AND PAYMENT CARD PROCEDURES</b>

### PURPOSE:

This procedure establishes guidelines for departments to make low value purchases using the Corporate Procurement and Payment Card that *MAY* be used to replace petty cash and Limited Value Purchase Orders (Field Purchase Order Books).

### 1. DEFINITION:

- 1.01 “Low Value Purchase” is defined as the procurement of **non-repetitive goods or services** required by users within the limits of and subject to the restrictions prescribed herein and on the Cardholder Agreement.
- 1.02 A “Cardholder” is a District of West Kelowna employee who has been issued a Corporate Procurement and Payment Card (“CPPC”), and who has signed the Appendix to this procedure.
- 1.03 “CPPC” is defined as an authorized District of West Kelowna Credit Card, issued by a financial institution that may be used for the procurement of goods and/or services required by the District of West Kelowna.
- 1.04 “CPPC Coordinator” is a District of West Kelowna employee who is responsible to facilitate the CPPC process for their department.

### 2. RESPONSIBILITIES:

- 2.01 The **Chief Financial Officer** is responsible for:
  - (a) The overall purchasing practices for the District of West Kelowna and may make exclusions to this procedure in the best interests of the District of West Kelowna.
  - (b) Making a supply agreement with a financial institution as the supplier of CPPCs to District of West Kelowna employees.
  - (c) Defining additional goods or services that may only be purchased using a Purchase order.
  - (d) Monitoring CPPC purchases with a view to establishing volume discounts.
  - (e) Ensuring that every cardholder is informed of his/her responsibilities and restrictions regarding the use of the CPPC and agrees to them by signing the Appendix to this Procedure.
  - (f) Receiving CPPCs from the financial institution for distribution in a secure manner and maintaining records of all cardholders.

- (g) Ensuring that the financial institution is advised to cancel a CPPC when the cardholder has left the District of West Kelowna's employ or is transferred from a department or if the CPPC for any reason is no longer required and that a CPPC which has been withdrawn from use is destroyed or returned to the financial institution.

2.02 The **Supervisor and/or Manager** is responsible for:

- (a) Ensuring that CPPC purchases are made in accordance with the procedures outlined in this document and the District of West Kelowna overall purchasing policy.
- (b) Establishing instructions for the internal departmental administration of CPPCs to complement these procedures.
- (c) Determining:
  1. If there is a need for a CPPC card
  2. Will the employee abide by the CPPC policies and procedures?
  3. The monthly credit limit for each card issued (taking into consideration the forecast use and the overlapping billing and payment periods)
  4. The upper limit per transaction (subject to the maximum of \$1,500 per transaction)
  5. The purchase restrictions placed on the cardholder
  6. The reporting structure i.e. who should receive and review quarterly reports of the cardholder's purchases.

Note: these *limits* may vary for each cardholder and should be documented on the Cardholder Agreement and communicated to the cardholder.

- (d) Approving the CPPC purchases and signing off the Procurement Card Log.
- (e) Maintaining control over the number of missing CPPC slips and the charge code numbers being used.
- (f) Ensuring that Cardholders complete the Weekly Statement reconciliation in a timely manner.
- (g) Forwarding the information received from cardholders to the CPPC co-ordinator in their department for keying.
- (h) Exercising discipline in cases where a Cardholder misuses a CPPC (three strikes and you loose your card policy will be used).
- (i) Ensuring that the Chief Financial Officer is informed immediately and in writing whenever a CPPC is to be cancelled (see 2.01 (f) above.)

2.03 The **Cardholder** is responsible for:

- (a) Safeguarding the CPPC issued, ensuring that it is not used improperly, providing adequate paperwork promptly for each transaction, reporting the loss of a CPPC immediately and for returning the CPPC to the Chief Financial Officer prior to leaving the District of West Kelowna's employment or transfer from the department which authorized the use of the card.
- (b) Signing the Cardholder Agreement attached as Appendix 4.01
- (c) Entering charge codes onto the Procurement Card Log. The charge codes must be entered on the card log in the correct order, which is: Account, Fund, Organization, and Program & Subclass. (If the charge codes number is incorrect or in the wrong order the department CPPC co-ordinator will not be able to enter information into Vadim thus making his or her job very difficult.)
- (d) Meeting the following deadlines: Updating his or her card log daily to minimize work at the end of the month. The employee is responsible to reconcile his or her statement to the

card log and forward it to their supervisor within 2 days of receiving the statement. (The employee will receive their CPPC statement from the CPPC co-ordinator during the second week of the month).

- (e) Forwarding CPPC information to his or her supervisor and/or manager if he or she will be away during the CPPC transaction processing week. If the employee is away sick for the entire CPPC week it will be their responsibility to contact the departments CPPC co-ordinator when he or she returns to work to determine if there were any missing slips for the month or any charge code corrections that should be sent to CPPC Co-Ordinator.
- (f) Resolving any items on the statement that are incorrect. The employee shall first approach the vendor to have them reverse the error. If the vendor will not correct the mistake the cardholder should contact accounts payable and provide the pertinent details on the transaction being disputed. Accounts payable will, in turn contact the financial institution. The incorrect items must be paid to CPPC until the item is resolved by a credit on the CPPC.

2.04 The **CPPC Co-Coordinator** is responsible for:

- (a) Distributing CPPC statements received from finance to the cardholders.
- (b) Matching envelopes of cardholders who are away sick with the CPPC statement and forwarding the information to the cardholder's supervisor for approval.
- (c) Keying Card Log information into the CPPC Download Table in Vadim.
- (d) Informing Finance when the CPPC transaction information for the entire department has been added to Vadim.
- (e) Maintaining control over the Procurement Card Log Envelope and the corresponding CPPC statement. The envelopes and statements must be maintained on site for 15 months after which time they can be shipped to the District of West Kelowna storage area.

2.05 **Department Director** is responsible for:

- (a) Authorizing the reporting structure

2.06 **Accounts Payable** is responsible for:

- (a) Making payment by the 22nd of each month to record the CPPC payment and charge the costs to a suspense account.
- (b) E-mailing the CPPC statements received from the financial institution to the CPPC Co-ordinators and Finance Department within 2 days of receipt from the financial institution.
- (c) Downloading the CPPC transactions from the Internet into the Transaction Download Table in Vadim.
- (d) Creating vouchers which transfer the CPPC transactions from the suspense account into the correct charge account number.
- (e) Reconciling the suspense account to ensure all transactions have been cleared.

### 3. **PROCEDURES:**

3.01 **APPLYING TO THE PROGRAM:**

- (a) Before a card can be issued, a Cardholder Agreement, which documents the specific restrictions on card use, must be completed by the manager and/or supervisor, reviewed with the prospective cardholder and authorized by the Department Director.

- (b) Before a card can be issued a Reporting Structure Form, which documents who will receive and review quarterly reports detailing card usage, must be completed by the manager and/or supervisor and authorized by the Department Director.

### 3.02 ESTABLISHING CARDHOLDER LIMITS

- (a) There are four types of cardholder limits that work in tandem to control the use of the Purchasing Card. Supervisors must determine the cardholder limits for each cardholder account. The limits should be established with consideration given to the unit's objectives and budget and the purchasing needs of the cardholder. The types of limits are described below.

***Authorizations per day:***

This limit sets the total number of purchases that can be made per day. The credit card system keeps a tally of the number of vendor authorizations requested each day. The maximum number of transactions per day that a supervisor may authorize for a cardholder is 10.

***Single Purchase Limit:***

The maximum dollar amount per purchase the cardholder may transact with a vendor. The maximum dollar amount per transaction a supervisor can establish is \$1,500 per charge.

***Credit Limit:***

The total dollars the cardholder can spend during a monthly cycle. A maximum credit limit has not been established for the District of West Kelowna.

***Transactions per cycle:***

The total number of purchases (or charges) a cardholder can make in a monthly cycle. (Monthly cycles begin on the 27 of the month and end on the 27 of the following month). A maximum number of transactions have not been established for the District of West Kelowna.

In addition to the four limits established by the cardholder's supervisor the District of West Kelowna places a restriction on each card that prohibits the cardholder from making travel and entertainment related purchases, receiving cash advances and purchasing other types of services from financial institutions. These restrictions are imposed through a Merchant Category Code Group (MCCG).

### 3.03 ESTABLISHING CARDHOLDER PURCHASE RESTRICTIONS

- (a) In addition to the Cardholder Limits and District of West Kelowna restrictions, cardholder supervisors may place restrictions on the card based on the individual cardholder's purchasing needs. Examples of the types of restrictions that may be placed on the card are:
- *Types of products* (e.g. ONLY office supplies, automotive supplies, computing supplies, etc.)
  - *Types of vendors* (e.g. ONLY plumbing supply distributors, office supply retailers, book vendors, etc.)
  - *Specific vendors* (e.g. ONLY Overwaitea, Safeway, London Drugs, etc.)

These restrictions are documented on the Cardholder Agreement Form. They are not encoded in the credit card system and thus must be observed by the cardholder and monitored by the supervisor. Any restrictions placed on the card must be reviewed with the cardholder prior to issuing the Purchasing Card.

### 3.04 DISTRICT OF WEST KELOWNA RESTRICTIONS

Listed below are restricted goods and services which cannot be purchased using the Purchasing Card. Unintentional purchase of a restricted item will result in a letter of warning from the supervisor and/or manager to the Cardholder. A second violation will result in a *temporary revocation of cardholder privileges*. The third violation of this policy will result in *permanent revocation of the card*. **Exceptions to this policy may be granted by the Chief Financial Officer only.**

- NO Entertainment
- NO Computer hardware or software
- NO Office furniture
- NO Commitments for monthly payments
- NO Cash advances
- NO Split orders to circumvent the purchase limit
- NO playing favorites (rotate your purchases)
- NO Controlled substances
- NO Goods or services from a District of West Kelowna employee.

The following types of transactions are prohibited and will result in *permanent revocation of the card* and may result in disciplinary action by the Cardholder's supervisor.

- NO Personal or non-District of West Kelowna related purchases
- NO Cash refunds

### 3.05 HOW TO HANDLE INAPPROPRIATE PURCHASES

During the review and reconciliation process a supervisor may detect purchases that were not in compliance with the restrictions placed on the card. The actions that may be taken are:

1. If the purchase was appropriate – within unit objectives and budget – but was restricted by the Cardholder Agreement, the supervisor may opt to change the restrictions placed on the card.
2. If the purchase was appropriate but the supervisor would prefer that the goods be purchased using another purchasing tool, the cardholder should instruct on the methods to be used in the future.
3. If the purchase was not appropriate, the supervisor may request reimbursement for the goods from the cardholder. Cheques should be made payable to District of West Kelowna and turned over to Accounts Payable.
4. If the purchase was not appropriate, the supervisor may instruct the cardholder to return the goods to the vendor requesting a credit for the charge be applied to his/her Purchasing Card account. Supervisors may request a temporary suspension of the account or permanent revocation of cardholder privileges based on the occurrence of inappropriate purchases.

### 3.06 ESTABLISHING A REPORTING STRUCTURE

The CPPC Reporting Structure is designed to provide various people with reports about how the card is being used. There are three levels with each receiving a specific set of reports.

#### Reports Associated with the Reporting Structure

*Chief Financial Officer:* Receives monthly reports with detailed card use by cardholder name, provide statistics on cardholder use and, reports card use by merchant.

*Division Manager:* Receives monthly reports of cardholder statistics for each cardholder within the division.

*Supervisor and/or Manager:* Receives monthly report that details card use by cardholder.

### 3.07 CHANGING CARDHOLDER LIMITS OR PURCHASE RESTRICTIONS

It may become necessary to change the cardholder limits or purchase restrictions originally established on a Purchasing Card. Common reasons for changing limits or purchase restrictions are a request from a supervisor to raise or lower a limit based on individual buying patterns, budget, or because it is necessary to temporarily suspend cardholder privileges. To change the cardholder limits or purchase restrictions, the Supervisor and/or Manager must complete a new Cardholder Agreement form (check the appropriate box on the form). The new Cardholder Agreement *must include the existing card number* as well as the new credit limits, purchase restrictions and authorizing signatures before being forwarded to the Chief Financial Officer for signature.

### 3.08 MONITORING CARDHOLDER PURCHASES/ACTIVITY

Cardholder:	Monitor statements for expected credits from vendors for returned merchandise and other disputed items.
Supervisor/Manager:	Monitor statements and receipts to ensure all purchases are within restrictions placed on card use.
CPPC Co-Coordinator:	Monitor transaction reports to ensure all statements are received within the program statement cycles.
Finance Office:	Monitor vendors used.

### 3.09 REVIEWING PURCHASES AND RECONCILING STATEMENTS

Purchases must be reviewed to confirm that all charges were within the District of West Kelowna card use guidelines and the limits/restrictions created by the supervisor and/or manager. This review occurs each week during the "Review and Reconciliation" process. Clear consequences for not adhering to the standards created for receipt and statement submission and review are associated with this process.

- 1 Each week, the Cardholder will obtain a Procurement Card Log Envelope (Appendix 4.02). When the employee makes a purchase they are responsible to file the receipt or sales slip in the envelope and record the required accounting information for each transaction, which includes:

- a Date of Purchase
- b Vendor Name
- c Description of goods/service
- d Charge Code number
- e Gross amount
- f GST amount
- g PST amount

- 2 Once a month, the District of West Kelowna will electronically download monthly statements and transactions for each CPPC from the financial institution. The CPPC Co-Coordinator will be sent the statement on-line within 2 working days after receipt from the financial institution.

*The Cardholder will:*

- Determine if there is a receipt or packing slip for each purchase listed on the statement;
- Determine if all orders listed on the statement were placed by the cardholder;
- Determine if all orders are listed on the statement in full;
- Review the statement for unauthorized charges;
- Review the statement for orders that have not yet been received;
- Contact vendors to resolve any disputes;
- Monitor statements for expected credits from vendors for returned merchandise and other disputed items;
- Match receipts to purchases listed & attach to statement;

- Sign statement (Signature on the statement confirms that all orders were placed by the cardholder and all goods have been received *unless otherwise indicated*);
  - Forward to supervisor within 2 days of statement issuance date.
- 3 The monthly statement, procurement card log and the receipt envelope is forwarded to the Cardholder's supervisor for review and approval.

*The Supervisor and/or Manger will:*

- Review receipts to confirm appropriateness of purchase.
  - Question any purchases that are not within the restrictions placed on the card
  - Change restrictions if appropriate or *seek restitution* from the cardholder
  - Monitor statements and receipts to ensure all purchases are within restrictions placed on card use.
  - Sign statement
  - Forward statement to the CPPC co-coordinator within 4 days of statement issuance *date*.
- 3.10 Signature on the statement is an approval indicating all transactions were within the restrictions placed on the card.
- 3.11 Once the Monthly Statement reconciliation has been approved, the CPPC co-ordinator will enter the cardholder's information into the Transaction Download Table and advise Finance by E-mail when the information has been added. The department will have 5 workdays to complete the Transaction Download Table update.
- 3.12 The CPPC co-ordinators will then file the department's monthly statements with the corresponding procurement card log envelope.
- 3.13 Finance will use the Transaction Download Table to create vouchers.
- 3.14 The vouchers will be zero vouchers and will move the costs into the proper charge account numbers, which have been provided by the Cardholders.
- 3.15 The entire process will take 20 days, which will allow time for discrepancies to be cleared before the end of the month.
- 3.16 Control of Purchasing Card.
- (a) The cardholder, upon transfer from the division or termination of employment in the department, must return the CPPC to the Chief Financial Officer for immediate cancellation. Action must be taken to determine and pay the outstanding balance of the account.
  - (b) A final control check to ensure CPPCs are turned in will occur on the pink copy of Human Resources "Employee Termination Notice".

4. **APPENDIX:**

4.01 Employee Acknowledgement of Responsibilities and Obligations.



4.01 APPENDIX

CARDHOLDER AGREEMENT

DISTRICT OF WEST KELOWNA PROCUREMENT & PAYMENT CARD

NEW     CHANGE LIMITS/RESTRICTIONS     DELETE/CLOSE     LOST/STOLEN CARD

CPPC Card Number \_\_\_\_\_ Date: \_\_\_\_\_

Applicant Name: \_\_\_\_\_ Department: \_\_\_\_\_ Dept. No. \_\_\_\_\_  
(please print)

The District of West Kelowna has entered into an agreement with Bank of Montreal (BMO) that provides qualified employees with a Purchasing Card for District of West Kelowna work-related purposes. The Purchasing Card is issued to the employee for the purchase of selected materials and services. Expenses incurred on the Purchasing Card are paid by the District of West Kelowna. The policies contained in this agreement and in the Purchasing Policy & Procedures govern the use of the Card. *Policy violations will result in revocation of Cardholder privileges and may result in personal liability for purchases and disciplinary action up to and including dismissal.*

**Participating Employee Acknowledgment of Responsibility and Card Limits**

By participating in the District of West Kelowna Purchasing & Payment Card Program as a Cardholder, you assume responsibilities pertaining to the operation and administration of the Purchasing Card program. The responsibilities include, but are not limited to the following:

- Adhering to the use restrictions outlined in the user manual and further detailed in this agreement
  - Safeguarding the card
  - Verifying and reconciling account activity
  - Surrendering and ceasing to use the card upon reassignment or separation from the District of West Kelowna.
- Failure to fulfil these and other responsibilities outlined in the Purchasing Policy & Procedures may result in revocation of Cardholder privileges and possible disciplinary action up to and including dismissal.

**Use Restrictions**

Purchasing Cards are issued at the discretion of the Chief Financial Officer to qualified employees. The Purchasing Card remains the property of Bank of Montreal. It may not be transferred to or used by anyone other than the Cardholder. The Bank or District of West Kelowna may suspend or cancel Cardholder privileges at any time for any reason. The Cardholder will surrender the Purchasing Card upon request to the District of West Kelowna or any authorized agent of Bank of Montreal.

Each Purchasing Card has individually assigned spending limits that may not be exceeded under any circumstance. In addition to the list of goods and for which the card may not be used (restricted goods and services – see Purchasing Policy & Procedures), specific restrictions on this card are:

Authorizations per Day	Single Purchase Limit	Monthly Credit Limit	Transactions per Cycle

**PURCHASE RESTRICTIONS:**

1. *Types of Products:* **only**

\_\_\_\_\_

2. *Types of Vendors:* **only**

\_\_\_\_\_

3. *Specific Vendors:* **only**

\_\_\_\_\_

4. **Other**

\_\_\_\_\_

For additional usage guidelines, the cardholder must refer to the Purchasing Policy & Procedures.

**Purchasing Card Abuse & Fraud**

Abuse of the Purchasing Card may result in revocation of the card and personal liability for purchases. Card abuse includes:

- Failure to submit proper documentation supporting each purchase to District of West Kelowna Accounts Payable;
- Purchasing goods restricted by the District of West Kelowna or through this agreement;
- Exceeding bank credit line limit;
- Utilizing the Purchasing card for purchases greater than the established card limit;
- Failure to return the Purchasing Card when reassigned, separated from the District of West Kelowna or upon request.

The following are considered fraudulent activities and will result in revocation of the card, personal liability for purchases and may result in termination and/or legal action against you as the Cardholder:

- Purchase of goods and services for non-District of West Kelowna work related purposes;
- Use of the card or account after separation from the District of West Kelowna;
- Use of the card or account after notice of cancellation.

**Receipts:**

It is the Cardholder's responsibility to collect and retain itemized receipts in accordance with the Purchasing Policy & Procedures. All card purchases must have supporting documentation including detailed receipts and/or packing slips. Failure to retain and submit proof of goods or services purchased, in a timely manner, is considered misuse and may result in revocation of Cardholder privileges.

**Disputes:**

It is the Cardholder's responsibility to track any erroneous charges, returns or adjustments and to ensure proper credit is given on subsequent statements. Do not accept cash as a refund; only a credit to the card account is acceptable.

**Lost/Stolen Purchasing Cards:**

If the Purchasing card is lost or stolen, immediately contact the Bank's 24 hour toll free number (1-800-663-1757), your Manager/Supervisor and the District of West Kelowna Finance Office.

**Validation & Safekeeping:**

Sign the Purchasing Card immediately upon receipt. When the expiration date is passed and/or after you have received a new Purchasing Card, cut the old card in half and dispose of it. Make sure the Purchasing Card is returned to you after each charge and verify that the returned Purchasing Card has your name on it.

The undersigned cardholder applicant and appropriate District of West Kelowna Officials request a District of West Kelowna Procurement & Payment Card be issued to the applicant. This applicant has read the above agreement and guidelines and agrees to be bound by their terms and conditions.

**Signatures & Authorizations:**

Line 1	Applicant Signature:	Date:
Line 2	Applicant's Supervisor:	
Line 3	Deputy Chief Financial Officer	

**Reporting Structure:** (please print name)

CPPC Co-Coordinator		
Approving Official #1		Detailed Monthly Report
Approving Official #2		Quarterly Cardholder Statistics Report
Approving Official #3		Quarterly Section/Division Report

(To be signed in presence of Deputy Chief Financial Officer)

Purchasing Card and Policy & Procedure Receipt Acknowledgment

\_\_\_\_\_

Cardholder Signature

\_\_\_\_\_

Date