



## Administrative Procedures

<b>AP-712</b>  PURCHASING CARD	<b>Date of implementation:</b> Fall 2018 <b>Date of update:</b> February 25, 2021
	<b>Related Administrative Procedures:</b> <a href="#">AP-710 Purchasing</a> <a href="#">AP-711 Conflict of Interest</a>

**Purpose:** To guide the use and control of PCards (a commercial credit card) for obtaining goods and services.

PCards are used to provide an efficient method of processing and controlling the large volume of purchases by the Division which, while low in dollar value, are time sensitive for the ordering of schools and departments and consume a disproportionate amount of processing time.

### Definitions:

The following definitions are cited to ensure consistent interpretation of terms used in this administrative procedure.

**PCard** - A special type of credit/charge card, with individualized controls, issued by a financial institution, and used to make approved purchases.

**Cardholder** - Employees who have been authorized to have a PCard issued to them for the purposes of making approved purchases for the Board.

**Budget Manager** - The specific positions within the Division that have been given authority to make expenditures from specific budgets. In schools, the budget manager is always the Principal. A budget manager may delegate their authority but cannot delegate their accountability.

### Procedures:

#### 1) Obtaining a Purchase Card (PCard):

- a) To obtain a PCard, an application must be completed, authorized by the budget manager (usually school principal or supervisor) and returned to the Finance department. This application can be requested from the Accounting Supervisor.

The application includes a PCard employee agreement, confirming they fully understand and agree to confirm to this procedure when using the PCard.

- b) Each PCard will have a unique number and will be issued in the name of the Board employee who has been authorized to use that card. The card is non-transferable to any other employee, even if that other employee is also authorized to use a PCard on behalf of the Board. Only the person to whom the card is issued may use the card.

## 2) Authorization to purchase:

- a) Computer devices – Purchase of computer devices, including iPads, android tablets, PCs, laptops, notebooks and/or related technology devices are subject to the approval of the IT department and established Division standards and models.
- b) Furniture – Purchases of furniture items are subject to established Division standards and models.
- c) The PCard is not intended to bypass established procedures in the school or department or offices. If budget manager's approval is required prior to making a purchase, the cardholder must obtain that authorization prior to making a purchase.
- d) The Division assumes no obligation to pay PCard expenses that are not in compliance with this procedure. The individual will be solely responsible for the rejected expenditure.
- e) All purchases made with the PCard are subject to AP-710 Purchasing.
- f) The PCard is not intended to bypass established contract arrangements for supply of material and services. If the PCard is to be used, the cardholder is expected to make themselves familiar with established contracts in place and make the purchase accordingly.

## 3) Programmed Limits

- a) Each Pcard will have an established monthly limit. This limit will be established by the budget manager and the Accounting Supervisor and is up to a maximum of \$5,000. Exceptions may be requested in consultation with the Controller.
- b) The monthly limits can be increased to cover specific large purchases upon approval of the budget manager in consultation with the Accounting Supervisor. The budget manager may request to increase the limit for a cardholder by submitting the increase limit form to the Accounting Supervisor.

## 4) Supplier Category Exclusions:

- a) Certain types of suppliers are blocked for use by all PCards and the card will be declined if a purchase is attempted from one of these types of suppliers. Some examples, but not all the types of suppliers which are blocked, are:
  - Liquor vendors
  - Gambling transactions
  - Automated cash disbursement

## 5) Other limits:

In addition to the programmed limits, cardholders must not use a PCard in the following circumstances:

- a) Any purchase intended to bypass the Division's obligation to the competitive bidding process.

- b) To circumvent any Board policy, legislation or budgetary control system.
  - c) Any commitment requiring a purchasing agreement, contract or similar arrangement obligating the Division to future services.
  - d) Cash advances or other financial services.
  - e) Lottery tickets or betting.
  - f) Where a standing purchase order contract is in place.
  - g) Services normally provided through the Facilities service order system (e.g. a plumber).
  - h) Gift certificates to be given to staff. Any such transactions shall be included on the recipient's annual T-4.
  - i) Gift certificates or gift cards to be given to staff or non-staff members to facilitate shopping (e.g., a gift card purchased from a grocery store and given to another employee or student who is required to pick up groceries using the gift certificate).
    - i) An exception may be approved by the Accounting Supervisor when the use of a gift card by the vendor is required to access local discounts and receipts are maintained to support the value of the gift card.
    - ii) All other requests for exceptional circumstance must be pre-approved by the Deputy Director of Division Services, CFO, CHRO, otherwise the purchase will be the financial responsibility of the employee.
  - j) Temporary help
  - k) Liquor purchases
- 6) Personal purchases:
- a) PCards are not to be used for personal use such as meals, shopping, etc. Personal use of a PCard could result in immediate cancellation of the card and further disciplinary action as deemed necessary.
  - b) Accumulation of air miles or other rewards for personal use based on purchases made with Division PCard (or any other method) is prohibited.
- 7) Conflict of Interest
- a) The use of P-Cards is subject to AP-711 Conflict of Interest.
- 8) Refunds

No cardholder may accept cash or cheque from a supplier who is making a refund pertaining to a transaction previously charged to a PCard. The supplier in all cases must issue a credit to the PCard.

## 9) Travel Expenses

PCards can be used for the following travel-related expenses:

- a) Airfare and hotel accommodation to authorized events.
- b) Rental vehicles and fuel for the rental vehicle.
- c) Registration fees to authorized events.
- d) Gratuity (tips) to a maximum of 15% unless establishment policy has applied a minimum percentage automatically to the bill.

If any of these expenses will exceed your card limit, contact the Accounting Supervisor and request an increase prior to travelling (see 3(b)).

PCards are not to be used for the following travel-related expenses:

- e) Fuel for your vehicle if you drive your own vehicle.

## 10) Honoraria/Gifts

- a) PCards are not to be used for the purchase of gift cards as recognition for services provided by staff of the Division (see 5(h) above).
- b) PCards may be used to obtain a gift card intended as a gift for services provided by a non-Division employee up to a maximum of One Hundred Dollars (\$100) per individual per year.

## 11) Liability – Board

The liability for authorized use of the PCard rests with the Board, and not the individual cardholder. Neither the Board nor the cardholder is liable for unauthorized use of a card following loss or theft of the card.

## 12) Liability – Cardholder

Cardholder will be held liable for any misuse of a card, or willful disregard of policy or procedures, which result in fraud, collusion, or loss of money. Misuse of the card may result in disciplinary action.

## 13) Reconciliation and payment of monthly statements:

The cycle end date by the BMO is the 24<sup>th</sup> day of each month.

PCard payments are processed as follows:

- a) Cardholder logs into BMO website to review and allocate each transaction between the 25<sup>th</sup> and last day of the month. The cardholder is responsible to:
  - Ensure GST (5%) and PST (6%) as recorded on the receipt

- Provide the correct expense general ledger code
  - Enter the accurate description of the expense
  - Upload the correct receipt to the transaction.
- b) Budget manager reviews the submission for accuracy including ensuring taxes are entered and receipts are attached prior to approving the transaction summary.
- c) Accounting Supervisor downloads transaction summaries and follows up on any discrepancies with the cardholders.

#### 14) Card cancellation or personnel leaving

The following are steps to be taken when a card is to be cancelled, or an employee leaves the Division.

- a) The budget manager of the cardholder is responsible for collecting and cutting the PCard in half immediately and notifying the Accounting Supervisor.
- b) The Accounting Supervisor will cancel the card.

#### 15) Change of employee location

- a) When an employee changes location, the Budget Manager of the original location will collect the Pcard and return it to the Accounting Supervisor.
- b) The budget manager at the new location shall complete a request for the Pcard to be assigned to their location, if necessary.
- c) If no request is made, the Accounting Supervisor will cancel the card.

#### 16) Change of budget manager location

- a) When a principal or vice-principal changes location, Human Resources shall notify the Accounting Supervisor of the date of the change.
- b) The Accounting Supervisor will update the information in the Pcard system.

#### 17) Disputed or fraudulent charges

Disputed or fraudulent charges are handled as follows:

- a) Items charged on monthly statements of accounts that do not accurately reflect the transactions made by the cardholder (wrong amount, purchase not made by the cardholder, etc.) are disputed items.
- b) The cardholder shall notify BMO and the Accounting Supervisor immediately upon noticing the item.

- c) The transaction for the disputed item will be charged to the cardholders' default budget. The Accounting Supervisor will monitor the account to make sure a credit is received for the item. The credit will be assigned to the cardholder's default budget.
- d) In the event of fraudulent activity, a new card will be issued.

#### 18) Authorization of monthly reports

- a) All monthly reports shall require the approval of the cardholder and the approval of the authorizing budget manager.
- b) Where the cardholder and the budget manager are the same individual, a second approval is required by the budget manager's immediate supervisor.

#### 19) Responsibilities

##### a) Cardholder

- i) Spending within the allotted budget.
- ii) Adhering to all responsibilities and restrictions established for the PCard.
- iii) Accounting for all purchases made with the PCard with appropriate detailed original receipts and for resolving any discrepancies.
- iv) Creating and submitting monthly statements with detailed original receipts to the budget manager for approval on a timely basis to meet monthly deadlines. Summary invoices or summary cash register slips are not acceptable.
- v) Ensuring the PCard, monthly statements and other documents bearing the card number are kept in a secure location with controlled access and immediately notifying the Finance department and budget manager of any loss or theft of the card.
- vi) Monitoring their PCard activity online to ensure fraudulent activity is detected as early as possible.

##### b) Budget manager

- i) Spending within the allotted budgets.
- ii) Assessing the need for PCards based on operational requirements.
- iii) Establishing appropriate card limits based on need.
- iv) Submitting the PCard application form including the employee agreement to the Finance department.
- v) Reviewing, approving and submitting all statements and receipts to the Finance department by the end of each month.

- vi) Monitoring and controlling the use of PCards within the school or department, to ensure the use of PCards conform to this procedure.
- c) Card Coordinator (Accounting Supervisor)
- i) The overall coordination and monitoring of the PCard program, including this procedure, and the PCard employee agreement.
  - ii) Monitoring the use of PCards with respect to conformance to this procedure.
  - iii) Contacting the budget manager of a cardholder who is not in conformance of this procedure.
  - iv) Processing the issuance or cancellation of PCards with the issuing bank.
  - v) Providing instructions and information to cardholders.
  - vi) Processing changes to card limits as approved by the budget manager.
  - vii) Assisting cardholders to resolve disputed charges and other matters.
  - viii) Maintaining database of information on all cardholders with card status, limits, location and budget codes.
  - ix) Keeping an audit file of receipts and reports for access by internal and external auditors.
- d) All cardholders and budget managers are responsible to adhere to this procedure. In the event of non-compliance, the following actions will be taken:
- i) First event – the Card Coordinator will advise the cardholder and budget manager of the non-compliance.
  - ii) Second event – the Card Coordinator will provide the cardholder and budget manager with a written warning of non-compliance with a copy to the appropriate Superintendent or Deputy Director.
  - iii) Third event – the Card Coordinator will immediately put a three- (3-) month pause on the PCard and advise the cardholder, budget manager and Superintendent or Deputy Director with a copy to the Deputy Director of Division Services, CFO, CHRO.
  - iv) Fourth event – the Card Coordinator will cancel the PCard and provide written documentation of the preceding events to the Deputy Director of Division Services, CFO, CHRO, which may result in disciplinary action.