

COUNCIL POLICIES AND PROCEDURES

SECTION - H

MISCELLANEOUS

SUBJECT: Purchase/Credit Cards Policy Number H-20

APPROVAL DATE: March 12, 2008

PURPOSE:

The goal of the Municipality's purchase/credit card policy shall be to ensure both compliance with the Municipality's Purchasing By-law/Policy and employee and Council responsibility and accountability.

POLICY:

EMPLOYEE/COUNCIL ELIGIBILITY

Cardholders must be members of Council or permanent full time employees of the Municipality of the District of Guysborough, unless otherwise approved by the Director of Finance. It shall be at the discretion of the Director responsible for the department to recommend which full time employees are eligible cardholders.

PURCHASE/CREDIT CARD LIMITS

It shall be at the discretion of the Director responsible for the department to approve the cardholder per transaction and/or monthly limits, provided that these limits are consistent with the Municipality's Purchasing By-law/Policy.

RANDOM AUDITS

Cardholders are subject to random audits of expenses and record keeping by the Department of Finance. Any purchases made in contravention of either this Policy or the Purchasing By-law/Policy shall be reported by the Director of Finance to the Department Director and the Chief Administrative Officer. Discovery of violation(s) of this policy may result in loss of card privileges and/or other disciplinary steps, as appropriate.

For all out of town travel, a copy of the completed Travel report for cross-reference to the credit card monthly statement may be requested.

TRANSACTIONS NOT PERMITTED

The following transactions are not permitted, and shall be considered to have been made in contravention of this policy:

- a) Splitting of total purchase cost, singly or between Cardholders to avoid transaction limits.
- b) Personal purchases.
- c) Non- Municipal use.
- d) Cash advances, money orders, bank drafts etc.
- e) Temporary help.
- f) Maintenance contracts, long term agreements, rentals or leasing of equipment (with the exception of short term vehicle rentals required for travel purposes for conference, training or meetings).

CARDHOLDER RESPONSIBILITIES

Each cardholder shall recognize and accept the following responsibilities upon receipt of a Municipality of the District of Guysborough purchase/credit card:

- a) Use the Corporate purchase/credit card in accordance with this Policy and the Municipality's Purchasing By-law/Policy.
- b) Ensure purchases are made in accordance with their signing authority, area of responsibility and departmental budget.
- c) Ensure proper coding of expenditures.
- d) Notify the Finance Department and their Director if there are problems with the credit card, the card is lost or stolen or any other situation that would require notification to the Finance Department and Director.
- e) Notify the Financial Institution immediately if their card is lost or stolen.
- f) Log any item in dispute with the Financial Institution as soon as possible.
- g) Retain accurate records including transactions records and the accompanying detailed receipts at their workplace, and have available for audit at any time. After the Cardholder reconciles the statement, the Cardholder will attach the receipts, sign the statement and, if applicable, bring it forward to have their Director review and sign the statement for approval of expenses.
- h) Cardholders are **NOT** to make direct payment on their account for personal purchases made in error, payment is to be provided to Accounts Payable.

DIRECTOR RESPONSIBILITY

Each Director shall recognize and accept the following responsibilities upon approving issuance of a Municipality of the District of Guysborough purchase/credit card within their department:

- a) Provide a written or electronic request, authorizing the Director of Finance to obtain a credit card, within the prescribed limits, for an employee.
- b) In consultation with the Human Resources Coordinator, exercise discipline in cases where a Cardholder violates the provisions of this Policy.
- c) Immediately advise the Finance Department in those cases where abuse or irregularities are known or suspected.
- d) Report a lost or stolen credit card to the Finance Department, and document the incident. Initiate a request for a replacement card.
- e) Review and reconcile the amounts expensed under the purchase/credit card to the appropriate account and identify any unusual transactions.
- f) Be responsible for, or appoint staff member(s) to act as the Card Co-ordinator to monitor and control the use of all corporate credit cards for their Department.
- g) Advise the Director of Finance when an employee is terminated or no longer requires a purchase/credit card.
- h) Ensure all purchases are made in accordance with available departmental budget and individuals are operating within authority.
- i) Follow up with the appropriate employee and respond to the Director of Finance as required on any items chosen for random audit testing.

INTERNAL AUDITOR RESPONSIBILITY

The Director of Finance shall:

- a) Act immediately upon receipt of advice that abuse or irregularities are known or suspected.
- b) Maintain records of all Cardholders.
- c) Where required, notify the Financial Institution of transaction errors/disputed charges and follow up on outstanding items on a periodic basis.
- d) Ensure all card statements are reconciled by the appropriate employee, signed off and submitted on a regular basis.
- e) Perform audits to detect possible violations. The audit selection criteria would include, but not be limited to, meals over the total per diem allowance, air fare, splitting of purchases, miscellaneous/unusual/unique transactions, and random samples.
- f) Follow up with Directors as appropriate to investigate unusual transactions.
- g) Cancel a card when the Cardholder is terminated from employment or a Councillor's term ends.
- h) Follow up with the Financial Institution on lost/stolen cards to confirm the card is cancelled.

RECONCILIATION AND PAYMENT

The purchase/credit card carries corporate, not individual liability. Invoices will be paid by the Accounts Payable Department. Employees/Councillors will not be required to pay the monthly statement using their own funds.

It is required that all receipts for goods and services purchased be retained. If goods/services are purchase via phone, mail or online, ask the vendor to include the receipt with the goods when the product is shipped. This receipt is the only original documentation specifying whether or not tax has been paid against the purchase.

Process of reconciliation:

1. Each cardholder will receive a statement identifying each transaction made against that card during the billing cycle. Statements will be received by the Finance department and distributed to cardholders immediately upon receipt. Statement must be reconciled by the cardholder, against receipts for accuracy.
2. Forward your reconciled statement to the Finance Department for processing. All statements must be reconciled and returned to the Finance Department no later than 5 working days prior to the due date of payment on your statement. Failure of the cardholder to reconcile and return their statement within the allotted time causing the payment to be submitted late may result in the termination of card privileges.
3. All receipts will be maintained/stored by the Finance Department for audit purposes.
4. Although payment of the invoice will be made by Accounts Payable, activity may be audited at any time.

DOCUMENTATION REQUIRED

All records shall be maintained at the Cardholders work location until such time as they are reconciled and attached to the monthly card statement, and submitted to the Internal Auditor for review. Records must be complete copies of purchase information including receipts as well as transaction verification slip.

DISPUTED CHARGES, RETURNS AND ASSISTANCE

In the event of disputed charges or a Cardholder has any questions, the Cardholder should contact the appropriate financial institution directly. In the event there are returns, the Cardholder must check to ensure credit

notices are issued by the vendor, and attach the credit slip to the statement when reconciled. If a credit slip was not obtained, attach other documentation explaining the return. If credit does not appear by the second subsequent statement, the Cardholder must contact the financial institution directly.

The Cardholder must also advise the Finance Department if there is a dispute. The Cardholder must ensure that all required steps to register a dispute are followed.

Any charge to be disputed must be identified within 30 days of the statement date. The cardholder is responsible for the transactions identified on the statement. If an audit is conducted on a cardholder's account, receipts must be produced and/or other proof that the transaction occurred. If an error is discovered, the cardholder is responsible to show that the error or dispute resolution process has been invoked.

LOST OR STOLEN CARDS

The card assigned is the property of the Municipality of the District of Guysborough and should be secured as a personal credit card would be. If the card is lost or has been stolen, or if the number becomes the knowledge of someone else, notify the Department of Finance immediately.

Once a card is reported lost or stolen, the card will no longer be accepted at any vendor. Prompt action in these circumstances can reduce the Municipality's liability for fraudulent charges.

**MUNICIPALITY OF THE DISTRICT OF GUYSBOROUGH
CORPORATE PURCHASING CARD AGREEMENT**

DEPARTMENT	CREDIT CARD NUMBER

NAME OF EMPLOYEE	COUNCILLOR

Enclosed is your new Purchasing Card. Although this card is issued in your name, it is the property of the Municipality of the District of Guysborough and must be used in accordance with the Municipality's policies, procedures and guidelines.

By signing this Agreement you acknowledge that you have received the card indicated above and agree to comply with the following terms and conditions:

- I. This card is provided to you based upon your need to purchase business-related goods and services in the course of employment with the Municipality. This card may be revoked at any time based on a change of assignment or location.
- II. This card is for business-related purchases only. Any use of this card for purchases of a personal nature is strictly prohibited.
- III. You are the only person entitled to use this card and you are responsible for all charges made against it.
- IV. Any unauthorized use of this card will be considered an improper use of government funds and will be subject to appropriate disciplinary action.
- V. This card must be used in accordance with all municipal policies, procedures and guidelines respecting government purchasing and the use of cards as such policies, procedures and guidelines may from time to time be issued and amended.
- VI. Employee cards must be returned to your Director or the Director of Finance immediately upon request and, in the event, upon your resignation, retirement or dismissal. Councillor cards must be returned to the Director of Finance immediately upon the end of your term as Councillor. Once a card has been returned no further use of this card will be authorized.

As the holder of this card, you are responsible for its protection and safekeeping. If this card is lost or stolen you are required to advise immediately, during working hours to contact your Director of the Finance Department.

Signature of Cardholder

Date