

Lac La Biche County *Policy*

TITLE: Purchase Card (P-Card)

POLICY NO: FIN-10-019

RESOLUTION: 20.512

EFFECTIVE DATE: June 23, 2020

DEPARTMENT RESPONSIBLE: Finance

NEXT REVIEW DATE: June 23, 2021

POLICY STATEMENT:

This establishes a policy for use of Purchase Cards (P-Cards) as an efficient and cost-effective means for the purchase of goods and services by County employees.

PRINCIPLES:

1. General

The purchasing card is used to purchase County business related goods and services in accordance with the procedures governing the issue and use of the card. The purchasing card should be used for transactions that reflects County Policies including, but not limited to:

- Procurement Policy
- Travel and Subsistence for Staff Policy

The P-Card cannot be used by anyone other than the cardholder.

1.1 Acceptable purchases made on behalf of the County include:

The P-Card should be used a secondary payment method where a charge account /invoice payment method is not available.

- Single non-recurring purchase transactions in accordance with the Procurement Policy.
- Purchases otherwise made using petty cash or personal funds or credit card.
- Authorized business travel and training expenses.

“Original Signed”
Chief Administrative Officer

July 7, 2020

“Original Signed”
Mayor

July 8, 2020

SPECIAL NOTES/CROSS REFERENCE: Purchase Card (P-Card) Procedure FIN-10-019

AMENDMENT DATE:

Procedure

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GENERAL GUIDELINES:

These procedures outline the use of the Purchase Card (P-Card) for the procurement of County business related goods and services.

DEFINITIONS:

- **Approver** – The supervisor to whom the cardholder reports
- **BMO Spend Dynamics** – The web-based application provided by the Bank of Montreal (BMO) for the management of cardholder information and P-Card transactions.
- **Cardholder** – The person to whom the P-Card has been issued and whose name appears on the P-Card
- **Card Provider** – Alberta Urban Municipalities Association (AUMA) and Bank of Montreal (BMO).
- **County**– Lac La Biche County
- **P-Card Administrator** – defined as the Manager of Finance or delegate, this individual will be the main contact and coordinator of the P-Card program, in collaboration with AUMA and BMO.

Procedure:

1. Requesting and Obtaining a Corporate P- Card

- 1.1** Cardholder must complete the Corporate P- Card Application Form (Schedule 2) and obtain two- up approval.
- 1.2** Cardholder submits the approved form to the P-Card Administrator. Requests with exceptions to the transaction and monthly credit limits must be approved by Supervisor and P-Card Administrator.
- 1.3** Upon approval the cardholder must:

- Attend a P-Card training session and/or review training videos available online.
- Review and accept P-Card Cardholder Agreement. (Schedule 1)
- Provide valid ID to P-Card Administrator in order to receive their P-Card.

1.4 Changes to the Transaction and Monthly Credit Limits can be requested (on a temporary or permanent basis) via email to the Supervisor and the P-Card Administrator.

2. General Use of the Corporate P-Card

2.1 The P-Card policy and procedures outlines both acceptable and prohibited uses of the P-Card.

2.2 P-Card purchases can be made in person, by telephone, mail or on the Internet. Cardholders must obtain receipts/invoices for all purchases.

2.3 Cardholders are to take all reasonable measures to secure the corporate P-Card, including the card number, in order to safeguard it from loss, theft or unauthorized use.

2.4 Cardholders must notify and return the P-Card if it is no longer required to the P- Card Administrator.

2.5 If a P-Card is lost or stolen the cardholder shall immediately contact BMO Financial Group to cancel the card and inform the P-Card Administrator. Instructions are available in Schedule 3.

3. Card approving authority

3.1 All P-Cards will be issued by the P-Card Administrator. P-Cards will only be issued after the cardholder has read and signed the P-Card Cardholder Agreement. (Schedule 1)

3.2 Expenditure Authorization:

Each cardholder must submit their monthly P-Card statement to their approving authority for approval.

Cardholder: _____

Chief Administrative Officer
All other card holders

Approving Authority: _____

Mayor or Deputy Mayor
One-up Approval

4. P-Card transaction and credit limits

4.1 Transaction limits will be based on maximum signing authority as stated in the Procurement Policy.

4.2 Credit limits will be based on usage. Higher limits may be established by request with the approval of the Supervisor and P-Card Administrator

4.3 Where the price of a purchase exceeds the cardholder transaction limit, it is unacceptable to split the purchase into multiple transactions to avoid exceeding the approved transaction limit.

5. Travel and training expenditure

5.1 The County Policy on Travel and Subsistence for Staff outlines eligible expenses. All travel expenses shall be charged to the P-Card. For staff travelers who do not have a P-Card, a request to Finance to charge to a P-Card account can be made, all other incidentals should be submitted in an expense claim.

5.2 The P-Card shall be used for conference, workshop and seminar registrations, but not for training courses where the course fees are only reimbursed upon satisfactory completion. (Expenses related to a Return of Service Agreement)

5.3 The P-Card shall not be used for settling another employee's travel and training costs, unless prior manager approval is obtained, and the cardholder advises Accounts Payable of same.

6. Prohibited purchases include:

- Goods and services for personal use
- Training expenses relating to Return of Service Agreements
- Office furniture and equipment
- Computer hardware and software, cellular phones
- Cash advances or settlement of County internal accounts

6.1 The purchase of prohibited items may be allowed, except personal use items, in emergency cases with prior approval from Supervisor and P-Card Administrator.

6.2 In the case of emergency purchases, approval prior to the purchase should be obtained when possible by the cardholder from the Supervisor. Appropriate explanation and justification must be attached to the cardholder monthly statement with receipts.

7. Non-compliance

7.1 The P-Card carries corporate, not individual liability. The card is to be used only for County business related purchases of goods and services. The P- Card provider cannot accept direct payment from the individual cardholder on account. The P-Card program does not impact a cardholder's personal credit rating.

7.2 The cardholder is personally accountable for all transactions made with the P-Card issued in their name and must not allow another person to use the card.

7.3 Failure to comply with the P-Card policy and related procedures may result in the P-Card being revoked. Any violations of this policy may be reported to the appropriate Supervisory levels and Human Resources for further actions.

7.4 Fraudulent or intentional misuse of the P-Card for personal benefit will be considered misappropriation of County funds and will result in disciplinary action, up to and including termination of employment and/or legal action as deemed appropriate by the County.

8. Review and Approval of P-Card Statements Online

8.1 Cardholders and Approvers are assigned user ids and passwords and can access P-Card Statements electronically on BMO Spend Dynamics. See reconciliation of P-Card Cards in Schedule 3.

8.2 Monthly P-Card statements must be reviewed online by the cardholder after statement cut-off to ensure each transaction is valid and supported by a receipt or invoice. Original receipts for travel and training expenses are to be attached to the purchasing card statements. A notation should be made on the travel expense report that the expenses claimed have been paid by purchasing card and copies of receipts attached.

8.3 The reviewed P-Card statement must be approved online by the Approver within 5 business days after the statement cutoff each month.

8.4 Cardholders must submit the approved monthly cardholder statement with detailed receipts to Accounts Payable within 5 business days after the statement cutoff.

9. Disputed Transactions

9.1 In the event of a discrepancy, cardholders are responsible for disputing the transaction with the merchant.

9.2 If the dispute is related to price or quantity, the cardholder should contact the merchant to resolve the dispute

9.3 If there is a transaction from a merchant that the cardholder does not recognize, the cardholder should contact BMO Financial Group to report the incident. (Schedule 3)

10 Roles and responsibilities

10.2 Cardholder or designated custodian in the case of a ghost or departmental purchasing card:

- Complying with the terms and conditions of the P-Card Cardholder Agreement.
- Maintaining card security to avoid unauthorized charges or usage.
- Ensuring all purchases are for County business and not personal use.
- Reviewing monthly statements and providing receipts and supporting documentation for all transactions.

10.3 Approver/Supervisor:

- Identifying and approving appropriate positions to receive and use the P-Card, based on operational needs.
- Recommending appropriate transaction and monthly credit limits for P-Card Holders in accordance with County policy. This step is only needed if limits must be different than the defaults.
- Verifying that the cardholder is using the card in accordance with County policy and procedures and those transactions are related to and consistent with the job responsibilities of the cardholder.
- Reviewing and approving online each month, 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 County policy and/or unusual; providing documentation to support exceptions or prohibited purchases.
- Reporting instances of non-compliance to the P-Card Administrator.

10.5 Accounts Payable:

- Uploading monthly P-Card transactions on a timely basis.
- Filing all P-Card statements and receipts in accordance to the Records Information Management Program.
- Reconciling the monthly invoice from the P-Card provider and processing payment to the card provider on a timely basis.

10.6 P-Card Administrator:

- Overall management and coordination of the P-Card program including maintaining cardholder files in a confidential manner, developing program materials, maintaining supervisor contact list, processing request for credit limit changes, replacement cards, card cancellations, and blocking changes.
- Assists cardholders in P-Card application process, set up default account codes and liaise with cardholders and card providers as needed.
- Ensures all department cardholders have reviewed monthly P-Card statements and obtained online Supervisory approval.
- Ensuring that all applications and related P-Card Cardholder Agreement have been approved before submission to the card provider.
- Providing program-related administrative support to the cardholders and Supervisors.
- Performs continuous monitoring to ensure compliance to the P-Card Policy and Procedures and reports non-compliance to the appropriate Supervisor.
- Generates standard and special reports as requested.
- Reviews credit limits with Supervisors on an annual basis.
- Reviews any issues on an ongoing basis, including available reports, revised procedures and/or best practices.
- Reviews inactive accounts and works to resolve inactive accounts at least biannually.
- Train Staff in Policy and Procedures related to P-Card administration.

“Original Signed”

Chief Administrative Officer

July 7, 2020

Date

Schedule 1

LAC LA BICHE COUNTY
P-CARD CARDHOLDER AGREEMENT

I understand that I am authorized to use the P-Card provided to me pursuant to this Agreement to purchase goods and services in accordance with the parameters established in Lac La Biche County's P-Card Policy and Procedures.

I acknowledge that I have reviewed and understood the County's Purchasing Card Procedure and that I have received a copy of the Procedure. I understand that this Procedure may be modified from time to time.

I agree to purchase goods and services consistent with my organizational responsibilities to satisfy legitimate business needs to the County. I will not use the P-Card for personal use or inappropriate business purposes, and if I do, I understand that I will be personally obligated to pay for those purchases.

I understand that my authorization to make such purchases shall automatically cease upon my separation from Lac La Biche County.

I understand that any abuse or incorrect use of the P-Card could result in disciplinary action against me and could potentially result in termination of my employment or other legal action as deemed appropriate by Lac La Biche County.

Signature

Print Name

Date

Schedule 2



LAC LA BICHE COUNTY
P-CARD CARDHOLDER REQUEST FORM

Employee Name: _____

Employee Title: _____

Reason P-Card is Required: _____

Employee Signature: _____ **Date:** _____

Supervisor Signature: _____ **Date:** _____

Section to be completed by the Two-up Approval (must be department or Senior Manager)		
P-Card Approval:	YES	NO
Signature:		Date:

Section to be completed by P-Card Administrator		
P-Card Approval:	YES	NO
P-Card Limit:		
P-Card Number:		

Schedule 3

Card Activation and Online Registration Instructions

Cardholders:

To Activate the P-Card, please follow the instructions included in the documents you received with the card. Make sure to retain the activation letter as it contains important information about your card.

To register, have your card ready and click the “Register Online” link towards the bottom of the page. It will ask for an organization short name, which will be LLBC. It will then ask for an account number and expiry date, this will allow you to set a username and password as well as set security questions. Follow the instructions on the site and those included in the information you received with your card. If you need further help, contact information is provided below:

Cardholder inquiries, Client Contact Center:

BMO’s Contact Center is available to assist cardholders with any general inquiries related to their purchasing cards. This number is located at the back of the purchasing card. Lost

- Lost or Stolen Cards: 1-800-361-3361 within Canada and the United States

Authorizing Managers

For Authorizing managers, a separate user ID will be provided by the P-Card Administrator. This user ID will be linked to all cardholders the manager must review and approve. When the manager logs in with the authorizing ID, they will be able to review and approve expenses for each cardholder they are responsible for.

Reconciliation of P-Card Charges

P-Card Related purchasing transactions are fed electronically by BMO to the Access Online Reconciliation Website at:

www.bmospenddynamics.com

Reconciliation is the process of coding the expenditure to the appropriate GL accounts and then having the transactions approved by your authorizing manager. It is the responsibility of the cardholder to code all P-Card charges to the appropriate departments and accounts. Once the cardholder has reviewed and coded their transactions, they must then request review and approval of their transactions by their authorizing manager. The manager must go online to review and approve the cardholders’ reviewed expenses. Reconciliation of the P-Card transactions should be done on a weekly basis, as the transactions appear online. **It is imperative that the reconciliation be completed before the 5th of every month for the preceding month’s transactions as these transactions will be posted to the financial statements.**

The Authorizing Manger will review the charges, and if they approve the expense, they will place a check mark in the manager checkbox. The manager can reject an expense. If so, this expense will go back to the cardholder with an explanation as to why it was rejected. At that time, the cardholder can correct the issues and resubmit for approval.

Training materials will be available on the intranet under “BMO P-Card Instructions”.

- The billing cycle for your BMO P-Card is around the 5th business day of each month.
- On a regular basis, log into the BMO Spend Dynamics reconciliation tools and reconcile your purchases.
- The Cardholder and their manager can decide how often the manager will review and approve charges. All charges must be cardholder reviewed and have manager approval by month-end deadline.

Any unreconciled P-Card transactions will be charged to the default GL. Noncompliance of reconciliation terms and deadlines may result in the loss of P-Card privileges.

Taxes

Spend Dynamics reconciliation calculate and estimates all taxes. The cardholder must review each receipt against the online reconciliation page and be sure they adjust or delete the tax, if it was different or not charged at the time of purchase. GST and HST should be entered in the “National Tax” field. QST and PST for BC, Saskatchewan, and Manitoba should be entered in the “Regional Tax” Field.