



The Corporation of the Town of Newmarket

Purchase Card Policy

1. PURPOSE AND INTERPRETATION

The purpose of this Policy is to communicate responsibilities and procedures for use of the Corporation's Purchase Card, (the "P-Card") to enable P-Card Cardholders to efficiently purchase goods, service(s) and/or construction (hereafter also referred to as "deliverables"). This Policy should be read in conjunction with the Town's Procurement By-Law and their related Schedules and Protocols.

2. LOW VALUE PROCUREMENT THRESHOLD

The Low-Value Procurement Threshold is \$10,000.00 in accordance with Schedule C of the Procurement By-Law.

P-Cards may be used for the payment of purchases up to the Low-Value Procurement Threshold (hereafter also referred to as "low value purchases").

The Low-Value Procurement Threshold is a cumulative amount, exclusive of HST or any other applicable tax.

3. RESPONSIBILITY FOR LOW VALUE PURCHASES

Departments may make Low-Value Procurements without the involvement of Procurement Services where:

- a) The cumulative value of the purchase(s) is at or below the Low-Value Procurement Threshold set out in Schedule C of the Procurement By-Law, exclusive of HST or any other applicable tax.

4. AUTHORITY TO CONDUCT LOW VALUE PURCHASES

The Department Director is responsible and accountable for Low-Value Procurements and must ensure that they are made in accordance with the Procurement By-Law, this Policy and related Protocol Manuals. The Department Director may authorize specific individuals within the Department to make Low-Value Procurements and may assign specific spending authority limits within the Low Value Procurement Threshold.

It is the responsibility of the Department to determine if there is an already existing recurring deliverable agreement in place which may be a Standing Offer, Qualified Supplier Roster or other type of agreement, for the required deliverables before making a purchase; i.e. office supplies agreement. When these types of agreements are available, the deliverables must be purchased in accordance with the terms and pricing of these agreements and in accordance with any established ordering protocols, such as the completion of a purchase order. If the Department doesn't know if there is an existing Agreement in place, the Department must contact Procurement Services to find out.

If a Department anticipates making multiple low value purchases of the same deliverables and the total value of those purchases may exceed the applicable Low-Value Procurement Threshold, the Department must contact Procurement Services to discuss other procurement methods.

Departments are reminded that the Low-Value Procurement Threshold of \$10,000.00 is intended to cover all fees and or costs associated with an acquisition, to include future fees and or costs that are already anticipated. Departments shall not split an acquisition to stay within the framework of the Low-Value Procurement threshold.

5. OTHER PURCHASE EXCEPTIONS THAT CAN BE MADE WITH A P-CARD

P-Cards may also be used for the payment of the following exceptions, which may or may not exceed a cumulative amount of \$10,000.00, exclusive of HST or any other applicable tax as follows:

- b) Expenditures, in any amount, as identified in Schedule B – Exclusions to the Procurement By-Law, provided that these expenditures are covered in Council-approved budgets. Any form of payment for these exclusions may be used at the discretion of the Treasurer;
- c) Deliverables to be acquired as a result of certain procurement methods, only if pre-determined by the Manager of Procurement to be the most appropriate method of payment. i.e. office supplies contract;
- d) Expenditures related to emergencies declared by the Mayor or unforeseen situations of urgency as approved by the CAO, or a Commissioner or a Director or his/her designates in accordance with the emergency provisions of the Procurement By-Law.

6. P-CARD PROGRAM MANAGEMENT

The authority to oversee and manage the Corporation's P-Card Program resides with the Treasurer and Financial Services staff who shall ensure compliance with the Procurement By-Law and this policy.

7. ETHICAL CONDUCT AND CONFLICTS OF INTEREST

Conduct and Conflicts of Interest; The Town's procurement activities must be conducted with integrity and all individuals involved in the Town's procurement activities, to include the use of a P-Card, must act in a manner that is consistent with the principles and objectives of the Procurement By-Law, this policy and in accordance with the Town's Employee Code of Conduct and the Municipal Conflict of Interest Act, RSO 1990, cM.50, as amended. No personal purchases shall be made by the Town for employees, members of Council or any appointed member of a committee.

Supplier Conduct and Conflicts of Interest; The Town requires its suppliers to act with integrity and conduct business in an ethical manner. All suppliers participating in a procurement process or providing deliverables to the Town must declare any perceived, possible or actual conflicts of interest and must conduct themselves in accordance with the Supplier Code of Conduct in Schedule E of the Procurement By-Law. The Town may refuse to do business with any supplier that has engaged in illegal or unethical bidding practices, has an actual or potential conflict of interest or an unfair advantage or fails to adhere to ethical business practices.

8. GENERAL EXPECTATIONS FOR USING THE P-CARD

The P-Card may be used to make purchases over-the-counter, by mail, via telephone, or over the Internet.

The Cardholder has the responsibility to account for all transactions made using the P-Card. This includes maintaining detailed printed receipts including confirmations of Internet transactions.

Cardholders are discouraged from using a P-Card as method of payment if the vendor will charge a surcharge or fee to use the card as payment.

Contracts that arise from competitively acquired processes through Procurement will be set with a purchase order. In some circumstances the Manager of Procurement with authorize contracts to be paid by P-Card.

For acquisitions expected to exceed \$10,000.00 cumulatively, Procurement must be consulted to carry out a procurement process.

9. DOLLAR LIMITS

Individual P-Card user profiles are established for each employee holding a corporate P-Card, hereinafter referred to as the "Cardholder".

There are two types of dollar limits established for all P-Cards, as follows:

- a) Total Cycle Dollar Limit;
- b) Single Purchase Limit (not to exceed a cumulative amount of \$10,000.00, exclusive of HST).

10. LIMIT INCREASES AND OTHER CHANGES

Increases to single purchase limits or total cycle dollar limits, as well as name changes and department changes must be approved and submitted to Financial Services using Schedule 5 – P- Card Maintenance Form. Requests to exceed the Low Value Procurement Threshold shall be vetted with Procurement Services.

11. STANDARD MERCHANT CATEGORY CODES (MCC)

All corporate P-Cards have been set up with a set of Standard Merchant Category Codes (MCC). Certain MCC's have been blocked from use; See Schedule 7, Restricted MCC Codes.

Cardholders may request the temporary addition of specific MCC's not captured under the standard set by seeking approval with their Director and Financial Services.

The MCC codes under Schedule 7 - Group A are prohibited for use. Group B may be temporarily added to a P-Card by seeking approval with their Director and Financial Services.

12. OBTAINING A P-CARD:

A P-Card request form (Schedule 1 - P-Card Application Form) shall be completed and authorized by the Department Director or designate. A request for a Department Director's P-Card shall be approved by their Commissioner, and a request for a Commissioner's P-Card shall be approved by the C.A.O.

Before a Cardholder can receive a P-Card and be authorized to make purchases on behalf of the Corporation, the Cardholder shall attend a P-Card training class, read and understand this P-Card policy and sign a P-Card Cardholder Agreement (Schedule 2). Signing of the cardholder agreement indicates that the employee understands and agrees to abide by the P-Card Policy.

13. P-CARD PROGRAM ROLES & RESPONSIBILITIES:

To ensure compliance when using the P-Card, the following roles were created:

a) Cardholder

The individual whose name appears on the P-Card is accountable for all charges made with their P-Card. Cardholders are required to read and understand this Policy, the Procurement By-Law and related Protocols, complete P-Card training when applying for their first P-Card, comply with the terms of the P-Card policy and sign Schedule 2 – P-Card Cardholder Agreement Form. The Cardholder's name and the Corporate Logo will be embossed on their Corporate P-Card that is designed to prevent confusion with personal credit cards. It is suggested that P-Cardholders keep their P-Card in a separate section of their wallet to differentiate the corporate card from personal cards.

General Cardholder responsibilities are as follows:

- (i) In most circumstances, obtain approval with their Director before incurring any meal expense;
- (ii) Submit both the original, itemized receipt (which shows taxes paid) and the

summary receipt showing total amount paid;

- (iii) For meal expenses, identify on the receipt, the purpose of the meeting and the names of all parties partaking in the meal;
- (iv) Ensure that expenses for a group shall be expensed by the most senior staff person present that has a P-Card.

(i.e., A Supervisor and their Manager attend the same business luncheon for their area. The Manager is the senior staff member present and shall be responsible for payment of the meal on his/her P-Card. This expense would then be approved by the Manager's Director when approving the monthly P-Card statement. This is to ensure the proper oversight of expenditures and that no one is approving his/her own expenses.)

- (v) For the purchase of services and/or construction, a WSIB clearance certificate and insurance from the vendor must be obtained prior to commencing work. These documents must be submitted with the original invoice.

If a Cardholder's P-Card Statement is incomplete (i.e., the Cardholder has not signed the statement, or has not provided all required receipts), the Approver will return the statement to the Cardholder for correction. Once corrected, the Cardholder must return the statement and supporting documents to the Approver to complete the review process. The completed and signed statements are then forwarded to the P-Card Coordinator for review. The P-Card Coordinator will advise both the Cardholder and Approver to provide any missing information or to provide further clarification, prior to the closing date for statements. Failure to do so may result in progressive discipline, as detailed in this policy.

Managing Returns, Credits and Disputed Items:

If the cardholder has a problem with a purchased item or with billing resulting from the use of the Corporate P- Card, the Cardholder should first try to resolve the issue with the supplier that provided the good or service. In most cases, disputes can be resolved directly between the Cardholder and the supplier. The Cardholder must use the following guidelines when returning an item:

- (i) The Cardholder must send the item back to the supplier in a manner agreed upon by the Cardholder and the supplier;
- (ii) Record the return on Cardholder P-Card Statement. The supplier should issue a credit to the Cardholder's P-Card for any item that has been agreed to for return. This credit will appear on a subsequent monthly statement;

- (iii) Documentation of the return (such as a credit receipt) should be issued by the supplier and kept on file by the Cardholder for reconciliation to the monthly statement. Cardholders must specifically request a credit to the P-Card for any return that was originally charged to the P-Card;
- (iv) If a supplier refuses to credit the Corporate P-Card, the Cardholder shall report this information to the P-Card Coordinator.
- (v) If the dispute is unable to be resolved with the supplier, contact the P-Card Coordinator. The card provider will investigate and assist in resolving the dispute on the Cardholder's behalf.

b) Approver:

This is typically the person the Cardholder reports to. It is this person's responsibility to complete the administrative review of the Cardholder's statement and receipts. It is the responsibility of the Approver to address Cardholders about questionable transactions. After the review is completed and any questions have been answered, the Approver is required to sign the statement indicating approval of the reported transactions. Approvers are required to comply with the terms of the P-Card policy and sign Schedule 3 - Approver Agreement.

When reviewing a Cardholder's expenses, the Approver shall:

- (i) Not approve their own expense(s);
- (ii) Ensure that the Cardholder has collected, documented and submitted all receipts in accordance with this policy; Approvers shall only approve claims that include all the required documentation;
- (iii) Only approve expenses that were necessarily incurred in the performance of organization business;

c) Reconciler:

The reconciler is the Cardholder or a staff person designated by the Cardholder's Director who shall perform the monthly P-Card reconciliation. Reconcilers are required to comply with the terms of the P-Card policy and sign Schedule 4 - Reconciler Agreement.

Each Cardholder either does their own reconciliation or the responsibility is assigned to a Reconciler by the Director.

For the monthly P-Card reconciliation, the Reconciler is required to:

- (i) Check receipts against transactions on statement to ensure the charges are correct;
- (ii) Verify the dollar value for each transaction against the receipts and the transactions;
- (iii) Enter the general ledger account number(s), description of purchase and Harmonized Sales Tax (HST), if it is not stated;
- (iv) Print the P-Cardholder Activity Report after reconciling all transactions;
- (v) Assemble the P-Card statement and supporting documentation and forward all to the Cardholder and/or Approver for review and signatures.

14. P-CARD OWNERSHIP- KEEPING THE CARD SECURE

The Cardholder is responsible to keep his/her assigned P-Card secure as follows:

- a) The P-Card should be treated with the same security as a personal credit card;
- b) Keep it with you—do not lock it in a desk or file cabinet;
- c) Do not write any portion of the P-Card number down or share the number with others;
- d) Do not give the P-Card number to a merchant to “keep on file” or share your card and/or number with another staff member. This practice opens a greater window of opportunity for fraudulent activity to be placed on the card.

15. CARDHOLDER TO OBTAIN DETAILED RECEIPTS

A proper detailed receipt shows the itemized description of the items purchased, the date of purchase, the amount paid, taxes paid, the method of payment and the supplier's 9 digit HST number, when taxes are charged.

It is the Cardholder's responsibility to obtain detailed receipts and other documentation (i.e. warranty information) from the merchant(s) each time the Cardholder uses the P- Card. Detailed receipts must be submitted, as they are required by the Financial Services Department to claim H.S.T. rebates (if applicable) for purchases. Detailed receipts also provide an audit trail to prove that the purchases were made and what they were for.

If a receipt is lost, it is the Cardholder's responsibility to contact the P-Card provider and request a Vendor copy of the receipt. It will take 4 to 6 weeks for the receipt to be sent and it is the Cardholder's responsibility to ensure the P-Card Coordinator is provided this replacement receipt as soon as it received.

P-cards transactions should not be used in conjunction with personal air mile cards or similar reward programs.

16. ALCOHOL PURCHASES

Alcohol shall not be purchased on the P-Card, with the sole exception being, where the purchase has been pre-authorized in writing by the Treasurer or designate for purchase of alcohol for a corporate event. The purchase of Alcohol shall not exceed the low-value purchase threshold.

The following positions are exempt from this restriction:

- a) The Economic Development Officer, or designate;
- b) The Executive Assistant to the Mayor, or designate, with the authorization of the Mayor;
- c) The Executive Assistant to the C.A.O., or designate, with the authorization of the C.A.O.;
- d) The C.A.O.;
- e) The Mayor.

17. P-CARD MEAL EXPENSES

Cardholders may use their P-Cards for meal expenses that may occur during or at meal periods, provided the expenses are reasonable and appropriate. Reasonable and appropriate expenses are expenses that:

- a) Are incurred during performance of staff's position duties;
- b) Are modest, representing a prudent use of public funds;
- c) Do not involve alcoholic beverages;

In general, working meals are to be delivered to the Corporation.

Where possible, Cardholders should seek the prior approval of their Director to expense a meal. Alternatively, staff should communicate the use of their P-Card for the payment of a meal expense as soon as reasonably possible. Meal purchases over \$250 CAD require the prior written approval of their supervisor.

18. DETERING DUPLICATION OF PAYMENT

Invoices that are received by the Town should either indicate a Purchase Order number, or, for low-value purchases that they will be, or have been paid by P-Card and the Cardholder's name.

This will help prevent duplicate payments.

19. INTERNAL AUDIT OF P-CARD TRANSACTIONS

P-Card activity and purchases will be monitored and each Cardholder will be audited at least once annually, to ensure that the use of the P-Card and procedures are in compliance with the P-Card Policy.

These audits will be point based, depending on the severity or frequency of the infraction. Non-compliance with this Policy may result in further audits, compulsory additional training and / or suspension of the Cardholder's P-Card. In extreme cases, non-compliance may result in progressive discipline, up to and including termination.

After an initial failed audit, the Cardholder's activity will be audited for an additional TWO month period to ensure compliance with the policy. Detected non-compliance will be escalated and reported to more senior management after each occurrence of non-compliance by the Cardholder. Schedule 6 – P-Card Notice of Non-Compliance will be used to report the non-compliance.

After the second failed audit, direct contact will be made with the Cardholder's Department Head to ensure he/she is aware of the consequences of a third failed audit to the Cardholder.

After the third failed audit, the Cardholder's card will be temporarily suspended and P-Card training will need to be retaken prior to Cardholder privileges being reinstated.