

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF JUNE 25, 2013

Item 9, Report No. 8, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on June 25, 2013.

9 PURCHASING CARD POLICY AND AWARD OF CONTRACT

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Interim City Manager and the Director of Purchasing Services, dated June 10, 2013:

Recommendation

The Interim City Manager and the Director of Purchasing Services recommend:

1. That the Proposed Purchasing Card Policy be approved;
2. That the City of Vaughan enter into a contract for the provision of purchasing cards through the local municipality sharing provisions in the York Purchasing Co-operative Contract with U.S. Bank Corporate Payment Systems' for the remaining one year term; and
3. That staff report back to Council with an audit report following a P-Card pilot project prior to the corporate wide implementation.

Contribution to Sustainability

Not applicable

Economic Impact

The US Bank P-Card, under the terms of the York Purchasing Co-operative (YPC) Contract and York Region has no cost associated with it. However U.S. Bank can offer a small rebate to the City based on achieving a minimum annual dollar volume (\$3M).

Communications Plan

Not applicable

Purpose

The purpose of this report is to obtain approval of the Proposed Purchasing Card Policy and approval to enter into a contract with U.S. Bank Corporate Payment Systems for the provision of purchasing cards through the YPC.

Background Analysis and Options

On October 30, 2012, Council approved the Consolidated Purchasing Policy and a recommendation from staff that a Purchasing Card (P-Card) Policy be developed and provided to Council in the fall of 2012. Subsequently, in December 2012, a Draft Purchasing Card Policy was provided for Council's comments and input.

The proposed policy sets out the responsibilities of staff involved in the P-Card program. The cardholder is responsible for adhering to the policy, securing the card, and maintaining and submitting supporting documentation regarding the use of their card. Non-compliance with the P-Card Policy or related procedures can result in withdrawal of P-Card privileges or other disciplinary action, in accordance with Human Resource's Employee Code of Conduct.

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Department Heads or Designates are responsible for assessing the need for an employee to have a P-Card, establishing spending limits for the card, determining which merchant access is appropriate to that employee, and reviewing and approving all purchases charged under their area of responsibility.

The Finance Department is responsible for ensuring that the P-Card bill is paid promptly to avoid interest charges.

As part of the 2013 Budget, funding was redeployed from Financial Services' Department budget for a vacant position to permit the establishment of a full time position for a P-Card Program Administrator in the Purchasing Services Department. The new job description, which sets out the responsibilities for managing the P-Card program, as well as other improvements in the Purchasing Services Department, is complete and the employment opportunity will be posted for recruitment shortly. The goal is to have the new position filled over the summer months.

As was noted in the December 2012 report to Council, the P-Card program implementation will begin with a pilot project in one City department, which will be audited prior to the roll-out to the corporation at large.

Staff are recommending that the contract for the P-Cards and online program be awarded to US Bank Corporate Payment Systems, through the YPC contract, as permitted under the City's Consolidated Purchasing Policy. US Bank has been providing P-Cards and an online control system to the Region of York since 2009. The contract, which is extended to local municipalities in York Region, is valid until April 2014.

Some of the control features of the U.S. Bank program are as follows:

- Control features on the card may be selected at the corporate level, department level or cardholder level. All cards may have the same controls or each cardholder may have a different set of control features. Most client organizations choose to have a set of control parameters that act as a default category. Alterations are made either at a cardholder level or at a higher level, such as department or division. Controls include: Corporate Spending limit, Monthly spending limits, Daily Spending limits, Daily Number of transaction limits, Dollar value per transaction limit, Merchant category or SIC code limits and Cash Advance limits.
 - Merchant Blocking by Card Holder
 - Cash Withdrawal Block/Limit
 - Country Code Blocking

Relationship to Vaughan Vision 2020

Not applicable

Regional Implications

The City of Vaughan joining YPC Contract for Corporate Purchasing Card with other agencies, York Region, Town of Newmarket and Town of Aurora will likely enhance the future rebates.

Conclusion

It is recommended that the Proposed Purchasing Card Policy be approved and that the City enter into a contract with U.S. Banks to provide P-cards to the City of Vaughan through YPC's contract extension.

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Attachments

Attachment 1 – Proposed Corporate Purchasing Card Policy

Report prepared by:

Barb Cribbitt, CMA
Interim City Manager

(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)