

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF DECEMBER 11, 2012

Item 1, Report No. 14, of the Finance and Administration Committee, which was adopted without amendment by the Council of the City of Vaughan on December 11, 2012.

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DRAFT PURCHASING CARD POLICY

The Finance and Administration Committee recommends approval of the recommendation contained in the following report of the Commissioner of Finance & City Treasurer, dated December 3, 2012:

Recommendation

The Commissioner of Finance & City Treasurer, in consultation with the Acting Director of Purchasing Services and the Director of Financial Services recommends:

1. That the Draft Purchasing Card Policy be received for input and comments; and
2. That staff report back in early 2013 with the final Draft Purchasing Card Policy for approval.

Contribution to Sustainability

Not applicable

Economic Impact

There is no economic impact associated with this report. The redeployment of a staff position from the Financial Services Department to Purchasing Services Department will not impact the operating budget, as it is fully funded within the existing base budget.

Communications Plan

Not applicable

Purpose

The purpose of this report is to introduce a Draft Purchasing Card Policy for input and comments from Members of Council. Staff will report back with the final draft Purchasing Card Policy in early 2013 for approval.

Background Analysis and Options

On October 30, 2012, Council approved the Consolidated Purchasing Policy and a recommendation from staff that a Procurement Card (P-Card) Policy be developed and provided to Council in the fall of 2012.

The attached "Draft Purchasing Card Policy" is provided for Council's comments and input. Subject to comments from Members of Council, staff will report back with the final Draft Purchasing Card (P-Card) Policy for approval.

The draft policy sets out the responsibilities of staff involved in the P-Card process. 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.

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.

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

A major aspect of the administration and control of the P-Card program relies on the position "Program Administrator". This position is responsible for the coordination of the P-card program, documentation, setting up card access and establishing and maintaining the spending limits authorized by department heads, as well as setting up the authorized merchant codes available to each cardholder.

In order to fulfil the role of the Program Administrator, as well as to improve purchasing processes, planning and monitoring, internal control and documentation of procedures, staff recommend that a vacant full time position currently allocated to the Financial Services Department be reallocated to the Purchasing Services Department, both within the Finance Commission.

The Financial Services Department position, "Finance Business/Project Manager was established to perform a number of functions, including undertaking special projects, managing the cashiering function and increased internal control. Over the past six months, the Financial Services Department has examined opportunities for existing staff to assume some of the proposed responsibilities of the Finance Business/Project Manager, and at the same time, the need for additional support in the Purchasing Services Department became more apparent, and a greater priority.

The proposed P-Card Program Administrator in the Purchasing Services Department will be responsible for the P-Card Program, purchasing and P-card procedures, the development of an annual purchasing work plan, monitoring of low value purchasing trends and reporting requirements for tender awards between \$100,000 and \$350,000. This redeployment has been added to the revised list of Additional Resource Requests included in the report "Draft Operating Budget and Plan Update" on today's agenda.

Relationship to Vaughan Vision 2020

Not applicable

Regional Implications

No Implications

Conclusion

It is recommended that the Draft Purchasing Card Policy be received for input and comments. The Draft Purchasing Card Policy will be brought back to Council for approval early in 2013.

Attachments

Attachment 1 – Draft Corporate Purchasing Card Policy

Report prepared by:

Barb Cribbitt, CMA
Commissioner of Finance & City Treasurer
Ext. 8475

(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.)

DRAFT PURCHASING CARD POLICY

Recommendation

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Report prepared by:

Barb Cribbett, CMA
Commissioner of Finance & City Treasurer
Ext. 8475

Respectfully submitted,

Barbara Cribbett, CMA
Commissioner of Finance & City Treasurer

**CITY OF VAUGHAN
POLICY MANUAL**

Attachment 1

SECTION: FINANCE	<div style="border: 1px solid black; padding: 2px;">(To be completed by Clerk's Dept. following Council approval)</div> <div style="text-align: right; font-weight: bold; margin-top: 5px;">POLICY NO.: XXXX</div>
(To be completed by Clerk's Dept)XXXXX)	
DEPARTMENT: PURCHASING SERVICES	SUBJECT: PURCHASING CARD POLICY

POLICY STATEMENT:

A policy to provide Corporate Purchasing Cards to designated City employees.

APPLICATION:

To all city employees who are involved in the P-card program, including cardholders, department heads or designates, and the Program Administrator, as described in this policy

PURPOSE:

The purchasing card program is designed to improve internal controls and improve the efficiency of the payment process for low value purchases, as per the City of Vaughan's approved Consolidated Purchasing Policy.

Employees approved by their Department Heads (or designate) are authorized to use the Purchasing Card to purchase low-value goods and services in support of sound business practices.

The use of the Corporate Purchasing Card is subject to the provisions of the City's Consolidated Purchasing Policy, a policy to provide for the purchase of goods and services, the payment of accounts and the reporting of financial matters.

DEFINITIONS

"Cardholder": Any employee of the City of Vaughan issued a P-Card under this policy

"City": Refers to the Corporation of the City of Vaughan

"Department Head": Refers to a senior manager of a Department within the City who is a superior of a Cardholder

GENERAL TERMS

The City, not the individual cardholder, assumes liability for all authorized charges on the Purchasing Card.

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The Purchasing Card Program will be administered by the Purchasing Services Department, through the Program Administrator.

The Purchasing Card will be issued once the employee has read, signed and submitted the Purchasing Card Agreement Form to the Program Administrator, which sets out in writing the employee's responsibilities and restrictions regarding the use of the P-card.

The Purchasing Card shall **not** be used:

- In conjunction with a personal Air Miles card or similar awards program;
- For personal purchases of any nature;
- When a contract or tender is in effect for the goods and/or services, unless otherwise authorized by the Director of Purchasing Services;
- For computer hardware or software as all such purchases must be approved by Information Technology Management;
- When the total purchase price exceeds the single purchase limit on the card;
- When a competitive bid is required under corporate purchasing policy regulations;
- For telecommunications equipment such as telephones, cellular phones and mobile radios;
- For any purchase of Goods and/or Services that may be prohibited under any other policy approved by Council; or
- For cash advances.

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All P-Cards issued under this policy will be subject to:

- A maximum allowed single transaction limit
- A maximum allowed accumulated monthly transaction limit
- Blocking of specific Merchant Category Codes to prevent unauthorized purchases

The dollar limit for single purchases and a monthly accumulated spending limit for each employee will be determined by the respective Department Head or designate based on the expected level of purchases and type of products purchased.

Any fee associated with the Purchasing Card will be charged to the Departments.

Vendors will not be rejected as a result of their non-acceptance of Purchasing Cards

RESPONSIBILITIES:

Cardholder:

- Adhering to and understanding all conditions and restrictions imposed on the Purchasing Card by the City of Vaughan and the Corporate Banker. Misuse of the card will result in disciplinary action;
- Submitting the Cardholder Agreement form to the Program Administrator;
- Ensuring that the Purchasing Card, monthly statement and other documents bearing the card number are kept in a secure location with controlled access;
- Immediately notifying the Corporate Banker, the Department Director and the Program Administrator of any loss or theft of the card;
- Informing the Program Administrator of cancellation, changes in business address or area of responsibility, and/or telephone number through the Department Director;
- Maintaining a Purchasing Register, on a monthly basis, for all purchases made with the Purchasing Card;

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DEPARTMENT: PURCHASING SERVICES	SUBJECT: PURCHASING CARD POLICY

- Resolving disputed charges with the assistance of the Corporate Banker and Program Administrator as required;
- Keeping supporting documentation (i.e. cash register, sales slips, invoices and credit card receipts, vendor notices, purchasing register etc.) related to all purchases made with the Purchasing Card for reconciliation; and
- Submitting all supporting documentation and a reconciled purchasing register to their Department Head (or designate) for approval at the end of each billing cycle.

Department Heads or Designates:

- Assessing the need for Purchasing Cards based on operational requirements;
- Identifying the employee(s) who will be authorized to make low-dollar-value purchases through the use of a Purchasing Card;
- Establishing the single purchase transaction limit and monthly spending limit for each cardholder;
- Preparing and submitting the appropriate bank forms and other pertinent information to the Program Administrator for the issuance or cancellation of cards, changes in limits or blocked merchant codes, change of address or change in department or area of responsibility;
- Ensuring that each cardholder is informed of his or her responsibilities regarding the use of the Purchasing Card;
- Ensuring that the use of the Purchasing Card conforms to department and corporate policy and procedures;
- Monitoring and controlling the utilization of Purchasing Cards within their department or area of responsibility;
- Reviewing and approving, on a monthly basis, Purchase Registers for all cardholders and transmitting them to Finance within two working days of month end; and

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- Reviewing and approving, on a monthly basis, all purchases charged to their budget.

Finance Department:

- Processing the Purchase Register upon receipt to update the various departmental budgets;
- Paying the monthly P-Card bill within the negotiated days allowed, to ensure that no interest is paid;
- Charging purchase card transactions to default accounts for all departments who have not transmitted their Purchase Registers to Finance within two working days after month end; and
- Ensuring all information is available for HST rebate forms and for subsidy claims.

Program Administrator:

- Transmitting all documents to the Corporate Banker;
- Distributing forms and cards;
- Providing co-ordination with respect to monitoring the overall utilization of Purchasing Cards within the City of Vaughan;
- Assisting employees with disputes as required;
- Updating, developing and amending the corporate P-Card procedures as required in consultation with the Director of Purchasing Services;
- Ensuring that the conduct of all purchasing activity is done in accordance with approved Purchasing and Accounts Payable policies and procedures;
- Establishing which Merchant Category Codes (MCC) will be blocked from all Purchasing Cards for the City; and

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- Periodically update forms relating to the administration of the policy.

NON-COMPLIANCE WITH POLICY:

All Purchasing Cardholders are expected to know and comply with this policy and the associated procedures. Failure to comply with the conditions and restrictions of the Purchasing Card Program by the cardholder will result in disciplinary action, including withdrawal of purchasing card privileges.

PURCHASING POLICY REVIEW

This Corporate Purchasing Card Policy shall be reviewed and evaluated for effectiveness as deemed necessary.

PURCHASING CARD PROCEDURES

The Commissioner of Finance & City Treasurer and the Director of Purchasing Services shall have the authority to approve procedures to implement this policy.

REFERENCE:

Consolidated Purchasing Policy approved by Council on October 30, 2012

CONTACT:

Asad Chughtai, Acting Director of Purchasing Services