



## FINANCIAL SERVICES DIRECTIVE

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**DATE:** November 28, 2011                      **CATEGORY:** Materials Management

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**SUBJECT:** Purchasing Card Process              **NUMBER:** FNS-II-01-02

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**REVISION DATE:** Sep 17, 2015

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### **Service Objective:**

The purpose of this directive is to ensure that responsibilities are clearly defined and appropriate authority is delegated for the use and control of the Board's Purchasing Card Program.

Purchasing cards are designed to provide a convenient and less burdensome method of procuring and paying for travel costs and low value goods and services. These cards will simplify the procurement process, speed up vendor payments and empower authorized employees to quickly and easily acquire the services needed for travel and other various low end expenditures.

The purchasing card is **not** designed to replace the variety of payment processes that are presently in place, including accounts already secured with suppliers, petty cash, purchase orders, and so on. The card is designed to facilitate travel expenses and various other low end purchases.

### **Service Description:**

1. The Purchasing Card Program is established as a method of making small dollar value Board purchases in accordance with Policy KDSB-FNS-II-01 – Procurement and Directive FNS-II-01 – General Procurement.

2. **Administration**

The Director of Finance and Asset Management is responsible for the administration of the Purchasing Card Program.

Each purchasing card will have a unique number, and will be issued in the name of the Board and the name of the employee who has been authorized to use that card.

**The card is not transferable to any other employee, even if that other employee is also authorized to use a purchasing card on behalf of the Board. Improper card use will result in the cancellation of the employee's card.**

Purchasing cards will also be issued for each land ambulance vehicle. Land ambulance vehicle purchasing cards will be accepted for purchases at all major fuel and repair outlets for vehicle related items. Access may be established for small, independent retailers of

these goods and services upon request.

**The land ambulance purchasing card is assigned to a vehicle and is not transferable to another vehicle.**

The purchasing card will be issued to employees approved by Program Directors who occupy positions with delegated purchasing authority.

3. **Limited Restrictions**

The limit for individual purchases is restricted to low-dollar-value purchases (up to \$3,000 per transaction inclusive of taxes) as delegated by each Program Director to the employee.

The monthly credit limit, which is the maximum monthly amount chargeable to each purchasing card, is restricted to the maximum dollar limit established by the Director of Finance and Asset Management, but may be further restricted/increased at the request of the Program Director.

Under no circumstances will a transaction be “split” into two or more transactions to bypass the single transaction dollar limit.

The Director of Finance and Asset Management, in conjunction with the Program Director will manage any changes of transaction or monthly limits.

4. **Prohibitions**

Purchasing cards will not be used:

- when the total purchase price exceeds \$3,000 per transaction inclusive of taxes;
- when the goods and services are available under an existing standing/blanket purchase order or contract;
- when the cost of the goods or services would be significantly increased as a result of using the purchasing card (i.e., a discount is provided by the supplier as a result of not using the card);
- for personal purchases;
- to obtain cash advances.

5. **Revoking of Card Privilege**

Cardholders, who do not adhere to the limits and prohibitions set out above, will have their card privileges limited or revoked. The Director of Finance will consult with the Program Director, who will advise the employee of this discipline.

6. **Refunds**

No cardholder may accept cash or a cheque from a supplier who is making a refund

pertaining to a transaction previously charged to a purchasing card. The supplier in all cases must issue a credit voucher.

7. **Liability**

Every cardholder shall be provided a copy of this directive informing them of his or her responsibilities and restrictions regarding the use of the purchasing card and shall agree to them by signing a copy of the directive.

Cardholders will be held liable for any misuse or willful disregard of policies or operating procedures that result in a loss of money, fraud, or collusion.

The liability for authorized charges on the purchasing card rests with the Board, not the individual cardholder.

The maximum Board liability for unauthorized use of the card following loss or theft of the card shall be \$50.00.

8. **Unauthorized Use**

Unauthorized use means a use that did not benefit the Board and any use made by someone other than the cardholder. The Board is not liable for any unauthorized use of the card which occurs after notification of loss, theft, or cancellation has been received by the Bank. However, if the loss or theft of a card is not reported immediately, the Board may be liable for all unauthorized purchases charged to the account.

**RESPONSIBILITIES:**

9. **The Cardholder**

The cardholder is responsible for:

- (1) adhering to all conditions and restrictions imposed on the purchasing card by the Board and the Bank;
- (2) ensuring that the purchasing card, receipts and other documents bearing the card number are kept in a secure location with controlled access until forwarded to finance staff;
- (3) immediately notifying the Program Director and the Manager of Finance of loss or theft of the card;
- (4) contacting the Manager of Finance if a transaction is denied at the time of purchase. Normal reasons for a transaction being denied include Cardholder exceeding his/her expenditure limit or a purchase of a restricted item;
- (5) informing the Manager of Finance of cancellation, changes in business address or

area of responsibility, and/or telephone number, through Program Director;

- (6) returning the card to the Manager of Finance for cancellation, as appropriate, through the Program Director;
- (7) maintaining complete supporting records of all purchases made with the Purchasing Card (i.e. packing slips, receipts, etc) and providing a signed and coded copy of all original documents to the Finance Department. This is for standard audit trail purposes and to facilitate monthly reconciliations and account verification.
- (8) verify the accuracy of the receipt, including the amount of tax paid, to allow for accurate rebates;
- (9) resolving disputed charges with the assistance of the Finance Department, as required;

#### 10. **Program Directors**

Program Directors are responsible for:

- (1) assessing the need for purchasing cards, in conjunction with the Director of Finance and Asset Management, based on operational requirements;
- (2) identifying the employee(s) who will be authorized to make low-dollar-value purchases through the use of a purchasing card;
- (3) verifying the monthly credit limit for each cardholder and requesting any changes in writing to the Director of Finance and Asset Management;
- (4) specifying the types of items to be purchased with the card if required, and/or identify any merchant blocking necessary;
- (5) informing the Director of Finance and Asset Management for the issuance or cancellation of cards, increases or decreases to credit limits, change of address or change in department or area of responsibility;
- (6) monitoring and controlling the utilization of purchasing cards within their department or area of responsibility;
- (7) reviewing and approving specific purchases as per the authorized spending limits defined in a separate directive;
- (8) ensuring immediate supervisors are approving Corporate Card Charges for their employees.

**11. Finance Department**

Finance Department is responsible for:

- (1) performing the purchasing card payment function;
- (2) matching all receipts received to monthly statements received, ensuring all charges on the statement have a corresponding receipt and informing the Director of Finance and Asset Management when there are missing receipts;
- (3) assisting the cardholders to resolve disputed charges, as required;

**12. Director of Finance**

Director of Finance is responsible for:

- (1) developing corporate policies and procedures on low-dollar-value purchasing for goods and services;
- (2) ensuring that purchasing card activity is done in accordance with the purchasing principles established in Policy KDSB-FNS-II-01 – Materials Management - Procurement;
- (3) periodically reviewing Corporate Card controls, reviewing documentation, and allocations to ensure controls are effective and efficient
- (4) ensuring that each cardholder is informed of his or her responsibilities regarding the use of the purchasing card;
- (5) ensuring that the use of purchasing cards conforms to departmental and corporate policy and procedures;
- (6) authorizing the issuance or withdrawal of purchasing cards with the Bank;
- (7) processing increases or decreases to credit limits, as requested by Program Directors;
- (8) processing bank forms with respect to changes of address and changes of department or area of responsibility, as requested by Program Directors;
- (9) providing coordination with respect to monitoring the overall utilization of purchasing cards within the Board;

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- (10) compiling and reporting pertinent purchasing card data to the Program Directors, as required;
  - (11) ongoing staff training.

**PROCEDURES:****13. Request for Purchasing Cards**

Requests for cards will be made in writing by the Program Director. The Program Director will be responsible for indicating any changes to the standard monthly spending limits. No personal credit information will be required, as the card will be issued to the Board. All requests will be submitted to the Director of Finance and Asset Management for review and transmittal to the Bank.

**14. Issuance of Purchasing Cards**

Upon receipt of the cards from the Bank, the Manager of Finance will ensure that all information on the card is correct. Any inaccuracies are to be reported to the Bank by the Manager of Finance.

The Manager of Finance will forward a copy of this Directive to new cardholders and all cardholders will receive a copy of the Directive when/if updated.

The cardholder must sign the purchasing card and store it in a secure place when not in use.

The Director of Finance and Asset Management will activate all purchasing cards prior to issuance to the named cardholder.

**15. Cancellation of Purchasing Cards**

The cardholder must return the card to the Manager of Finance for cancellation, through the Program Director when:

- specifically requested to return the card to the Director of Finance and Asset Management or the Program Director;
- when a new card is received on renewal;
- upon termination of employment with the Board;
- upon an employee taking a leave extending beyond 60 days.

The Manager of Finance will complete the necessary change form.

**16. Lost or Stolen Purchasing Cards**

The cardholder must immediately notify the Bank of any loss or theft of the card. Lost or stolen cards can be reported 24 hours a day. The cardholder must also advise the Program Director and the Director of Finance and Asset Management. If the card is stolen, the police must be notified and a police report requested by the Director of Finance and Asset Management. The Manager of Finance will complete the necessary change form.

If the lost or stolen card should eventually be recovered or found, it must be cut in half and returned to the Director of Finance and Asset Management through the Program Director.

**17. Change of Department or Area Responsibility**

With respect to a change of department or area of responsibility, the Program Director will inform the Director of Finance and Asset Management. The Director of Finance and Asset Management will complete the cardholder account maintenance form and indicate the change. If the cardholder will no longer require use of the card as a result of the change in department or area of responsibility, the reason for cancellation of the card must be indicated.

**18. Disputed Charges**

Items charged on monthly statements of accounts that do not accurately reflect the transactions made by the cardholder (i.e. bank errors such as wrong amount, incorrect account number, multiple postings of the same item, etc.) are considered to be disputed items.

The Finance Department will inquire of the cardholder regarding charges appearing on the monthly statement for which receipts have not been received. The cardholder will inform the Manager of Finance when any items are considered to be disputed items. Disputed items reported by cardholders will be credited on the individual statement (provided they are legitimate). The amount indicated on the statement is the amount which should be paid to the Bank. Disputed items will remain in the clearing account until resolved with the Bank (or supplier as outlined below). Items remaining unresolved after 6 months will be further investigated by the Director of Finance and Asset Management and may be deemed to be employee personal expenditures.

The cardholder shall provide information and assistance to the Manager of Finance to settle the disputed items, as required.

If the questionable item is not a bank error but a supplier error (i.e. late delivery, defective goods, wrong price, quantity difference, returned goods, etc), the matter must be settled directly with the supplier by the Manager of Finance. Such matters must be drawn to the supplier's attention immediately so as to minimize the delay in obtaining a credit to the purchasing card account. Notices to the supplier should be in writing and attached to the monthly purchasing card. Items under dispute with suppliers must not be deducted will

remain in the clearing account until resolved.

19. **Purchase of Goods and Services**

Records of purchases made with purchasing cards must be submitted to the Finance Department together with sales slips, credit vouchers, and notices to suppliers.

The appropriate taxes are to be paid where applicable.

For transactions where no packing/shipping slips exist, the cardholder will certify that the goods have been received by signing the sales slip; when goods are shipped, the cardholder must ensure that the shipment matches the order or sales slip.

All receipts should be approved by the appropriate level as per the purchasing limits set out in separate directive.

20. **Land Ambulance Vehicle Purchasing Cards**

A purchasing card will be issued for each land ambulance vehicle operated by the Board. The card will be accepted for purchases at all major fuel outlets for vehicle related items. Access may be established for small, independent retailers of these goods and services upon request.

Purchasing cards must be kept in the vehicle at all times in a secure manner and returned to the vehicle immediately after each use with a record of the purchase.

Purchasing cards are approved for the following goods and services:

- gasoline or diesel fuel
- motor oil
- other lubricants and fluids required for proper operation of the vehicle
- emergency items available at approved merchants

Land ambulance vehicle purchasing cards are not to be used for regular preventative maintenance or repair work.

Records of purchases made with purchasing cards must be submitted to the Finance Department together with sales slips, credit vouchers, and notices to suppliers.

21. **Refunds from Suppliers**

When merchandise is returned or other adjustments to accounts are necessary, credit vouchers will be issued by suppliers. Such credits must be issued against the same purchasing card that the original transaction was charged to and no cash/cheques can be accepted by the cardholder.

22. **Card Renewal**



Each purchasing card is issued for a fixed period in accordance with Bank policies. Cards will be automatically renewed unless the Board advises the Bank otherwise.

Prepared by: Corrine Owen, Director of Finance and Asset Management

**Related Policies:**

- 1) **KDSB-FNS-II-01 – Materials Management – Procurement**

**Related Directives:**

- 1) **FNS-II-01-01 – General Procurement**



Program Director

September 17, 2015

Date



Chief Administrative Officer

September 17, 2015

Date