

Municipality of the County of Annapolis

Purchasing Card, Policy and Procedures Guidebook

AM-1.7.1

Overview

Purpose

The Municipality of the County of Annapolis Purchasing Card Program is to establish a more efficient, cost-effective method of purchasing and payment for small-dollar transactions. The program is designed to replace a variety of processes including petty cash, low-value purchase orders, expense purchases and certain purchase orders.

Obtaining a Card

All cards are issued at the request of your director/manager. Your signature on the Cardholder Agreement indicates that you understand the intent of the program and agree to adhere to the guidelines established for the program. You will receive your Purchasing Card upon receipt of the signed Agreement to Accept the Purchasing Card. You may begin using your card 24 hours after you have called the Bank, at the number provided, and activate your card. As you use the card, please contact your manager or your supervisor as any questions arise about the use of the cards or the program. Card usage may be audited and/or rescinded at any time.

Who can Use Your Card?

You are the only person entitled to use your card! If you provide your card or account number to any other Annapolis County employee, you are responsible.

Questions and Feedback

As with any process, it is difficult to anticipate every question or issue regarding the program. A key element in how well this process works will be your feedback. Suggestions for improvement or change will be important. **Please keep your Supervisor and your Financial Services Coordinator informed of any suggestion for improvements and any problems that may occur.**

Record Keeping

Record keeping will be essential to ensure the success of this program. That is not an extraordinary requirement as standard reimbursement policies require retention of receipts, invoices, etc. and as with any charge card, you must retain all documentation for your protection.

General

This booklet provides the guidelines under which you may utilize your Purchasing Card. We recommend that you read this booklet in its entirety before requesting your Purchasing Card. The booklet also provides a variety of information about the process, the types of purchases that can and cannot be made, who will accept the card, records that must be maintained and reconciled monthly and miscellaneous information about the program. **Please read it carefully.**

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To Obtain a Card

The following are the steps to take to obtain a Card

1. After you have read this handbook and understand the procedures outlined, complete a New Account Information Record (Card Application Form). You will notice that the office address is already shown on the form. This is because that is where you will receive statements and correspondence related to the program.
2. Your director/manager **must** indicate approval by signing the application form. All requests will be processed through your Site Coordinator to your Financial Services Coordinator who will process the orders for the cards.
3. Upon delivery of card, **read carefully** and **sign the cardholder agreement** to accept your Purchasing Card.
4. **When you receive your card, sign the back of the card and always keep it in a secure place!**

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Do's & Don'ts

- The program is **NOT** intended to avoid or bypass appropriate procurement, purchasing or payment procedures. Rather, the program complements the existing processes available.
- The program is **NOT** intended to replace our current travel program.
- The card is **NOT** to be used for travel.
- The card is **NOT** to be used for personal use.
- The program can be used for both in-store purchases as well as for mail, telephone or fax orders.
- The Purchasing Card may be used at any vendor or supplier who accepts the Visa card throughout Canada or any other country.

Warnings

1. You are responsible for the security of your card(s) and the transactions made with the card(s). The card is issued in your name and it will be assumed that any purchases made with the card will have been made by you.
2. Although the card is issued in your name, it is the property of the Municipality of the County of Annapolis and is only to be used for Municipality of the County of Annapolis purchases as defined in this document.
3. A card used not in compliance with the guidelines established for this program will result in severe consequences, up to and including termination of employment.

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Examples Where the Purchasing Card May Be Used

- Subscriptions, seminars, books, video tapes
- Catering or small dining services
- Miscellaneous maintenance requirements
- Office supplies
- Automotive repair for field personnel
- Specific accounts may be established with the help of your Supervisor and Financial Services Coordinator to release goods and pay for goods using this program. These charges may be set up independently from your general usage card.

The above are examples only and are not an all-inclusive listing.

Examples Where the Purchasing Card May Not Be Used

- Any item exceeding in value the amount approved for the individual cardholder.
- Any merchant, product, or service normally considered to be inappropriate use of company funds.
- Budgeted Capital equipment.
- Travel and entertainment
- Stock items available through our inventory or through approved ordering systems or programs.
- Items secured through pricing agreements.

The above are examples only and are not an all-inclusive listing.

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Restrictions

Raising your credit limit

Each card has been assigned an individual credit limit. The limit is based on previous purchasing activity as approved by your director/manager. If you find over time that the limit is too low to accommodate your monthly requirements, please contact your director/manager, in writing, to re-evaluate your limit. If your director/manager agrees that it would be appropriate to raise your limit, the manager will then sign your request as approved and forward to your Financial Services Coordinator. Your Financial Services Coordinator will ensure that the appropriate changes to your cards are performed by bank personnel. The bank will not change your credit limit without the appropriate approvals.

Exceeding the Limits

In addition, no transaction may exceed the amount approved for the cardholder. This is as per the Procurement Policy as approved by Council. **Any transaction which will exceeds the limit must be processed through regular purchasing channels.**

Block Utilization

Some vendors may have been “blocked” from usage in the program. If you present your card to any of these vendors, the transaction will be declined. It is likely that any vendor you currently utilize as a source for products or services will accept your Card. If you are declined and feel the decline should not have occurred, you may contact the bank customer service by calling the 1-800-588-8065 to determine if you were declined because of merchant blocking or having exceeded the monthly credit limit or single-transaction dollar limit imposed on your card.

All cards have been “blocked” from usage for “Cash Advances” in the program.

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Reconciliation and Payment

Who Pays the Bills?

The Purchasing Card Program carries corporate, not individual, liability. Invoices will be paid by Accounts Payable. **You will NOT be required to pay your Monthly Statement using your own funds.** The program does not impact your personal credit rating in any way.

Record Keeping

It is required that **all receipts, invoices, etc., for goods and services purchased be retained!** If you purchase via phone or mail, ask the vendor to include the documentation with the goods when the product is shipped to you. This receipt is the only original documentation specifying the tax paid against the purchase.

GL Distribution

Each card has a single general ledger account hard coded into its accounting code line. The purpose of this program is to simplify processes for small dollar purchases, those items where value is not added by specific negotiations of our buying personnel. **Purchased may be divided into a variety of departmental accounts by your supervisor, prior to GL posting.**

Process of Reconciliation

1. Each cardholder will receive a statement identifying each transaction made against the card during the billing cycle. Statements will be mailed to you at the address identified on your application. Statements must be reconciled and approved by you, against your transaction receipts, invoices, etc., for accuracy.
2. Forward your reconciled statement to your director/manager for review, approval and processing. Approved Statements will then be forwarded to your site co-coordinator to process. *You must note any changes to the G/L on your reconciled statement.*
3. Site co-coordinator will, using the bank software, adjust the G/L where changes are required on your reconciled statement, and then E-mail the approved file to your Financial Services Coordinator for posting.
4. All changes must be forwarded to the Financial Services Coordinator before the end of the last working day of the month in which the statement is issued (25th of every month). *Failure to provide these changes by this date will result in all charges being posted to the default G/L provided for each card.*
5. Failure of the cardholder to reconcile his/her statement within 30 days of the statement date may result in termination of your card privileges by the Financial Services Coordinator.
6. **All receipts, invoices, etc., will be maintained/stored by Accounts Payable for audit purposes.**
7. Although payment of the invoice will be made by Accounts Payable, your activity may be subject to audit at any time.

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If Your Records Don't Agree With Your Statement

There may be occasions where you find items on your statement that do not correlate with your retained receipts. You may not have made the transaction or the amount of the transaction is incorrect.

Steps to correct errors:

1. Contact the vendor.
 - If the vendor agrees that an error has been made, he/she will credit your account.
 - If vendor does not agree that an error has been made, contact the bank customer service at 1-800-588-8065, stating that you would like to dispute a charge on your card, giving all pertinent details.
2. Highlight the transaction in question on your statement as a reminder that the item is still pending resolution.

Notes:

- Any charge you wish to dispute must be identified within 30 days of the statement date. Disputes will then be resolved by the bank within 90 days.
- You are responsible for the transactions identified on your statement. If an audit is conducted on your account, you must be able to produce receipts, invoices, etc., and/or proof that the transaction occurred. If an error is discovered, you are responsible to show that the error or dispute resolution process has been invoked.

Lost or Stolen Cards

The Purchasing Card is the property of the Municipality of the County of Annapolis and should be secured just as you would secure your personal credit cards. If your card is lost or has been stolen, or if your number becomes the knowledge of someone else, notify the Financial Services Coordinator, and contact the bank customer service immediately! The number to call is 1-800-588-8067.

Once you have reported that your card has been lost or stolen, your card will not be accepted. Prompt action in these circumstances can reduce Annapolis County Municipality's liability for fraudulent charges.

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Definitions

Department Site Coordinators Person(s) assigned by the department head, responsible for:

- collection and reconciliation of all departmental/cardholder monthly statements and forward same to financial services coordinator
- the collection of new card applications and the forwarding same to financial services coordinator

Financial Services Coordinator Person responsible for:

- ordering the Purchasing Cards as approved applications are received from the department supervisors
- setting cardholders up in the bank software for use by the supervisors
- ensures that the statements from the bank are available for departmental distribution
- collection of the reconciled statements from the supervisors and the posting of same to the GL
- the administration of the program
- audit of program compliance, and the notification to department heads of any areas of non-compliance
- assisting departments with the resolution of problems with the programs

Cardholder

You

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Appendix "A"

Purchasing Card Card Holders Acknowledgment and Agreement

This Municipality of Annapolis County Bank Purchasing Card represents the Municipality's trust in you. You are empowered as a responsible agent to safeguard Annapolis County assets. Your signature below is verification that you have read the employee handbook and agree to comply with it as well as the following responsibilities. It also acknowledges that you have received Municipality of the County of Annapolis Purchasing Card # _____.

- I understand the card is for Municipality of Annapolis County approved purchases only, and I agree not to charge personal purchases. Improper use of this card can be considered misappropriation of company funds. This may result in disciplinary action, up to and including termination of employment.
- If the card is lost or stolen, I will immediately notify the bank by telephone. I will confirm the telephone call by mail or facsimile with a copy of the notification to the Financial Services Coordinator.
- I agree to surrender the card immediately upon termination of employment, whether for retirement, voluntary or involuntary reasons.
- The card is issued in my name. I am considered responsible for any and all charges against the Card.
- I understand that in the event of willful or negligent default of these obligations, the Municipality of the County of Annapolis shall take recovery action, deemed appropriate, as permitted by law.
- All charges will be billed directly to and paid directly by the Municipality of the County of Annapolis. The bank cannot accept any monies from me directly; therefore any personal charges billed to the company could be considered misappropriation of company funds.
- As the card is Municipality of Annapolis County property, I understand that I may be periodically required to comply with internal control procedures designed to protect company assets. This may include being asked to produce the card to validate its existence. I may also be asked to produce receipts and statements to audit its use.
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- I understand the card has been issued to me as an employee of the Municipality of the County of Annapolis. I will under no circumstances be personally liable to the card company for any obligations arising from use of the card.
- I will receive a Monthly Reconciliation Statement, which will report all activity during the statement period. Since I am responsible for all charges (but not for payment) on the card, I will resolve any discrepancies by either contacting the supplier or the bank.
- The charges made against my card are automatically assigned to the suspense cost centre assigned to the card. It is my responsibility to provide accounting the proper GL account breakdown for all transactions processed against this card.
- I understand the Purchasing Card is not necessarily provided to all employees. Assignment is based on my need to purchase materials for the Municipality of the County of Annapolis. My card may be revoked based on change of assignment or location. I understand that the card is not an entitlement nor reflective of title or position.
- I acknowledge I must follow the policies and procedures related to the use of Purchase Cards.

Employee Signature

Employee Printed Name

Date

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& PROCEDURES GUIDEBOOK**