

## Purchase Card Policy

Effective Date: August 5, 2015  
Last Revised: August 5, 2015  
CAO Signature: January 19, 2024

---

### 1. Purpose

Purchase Cards may be used to purchase low dollar value (\$10,000) or less (including taxes) goods and services for city business purposes only. The Purchase Card provides employees with a convenient and cost effective method of procurement for low dollar value purchases while maintaining sound procurement practices and effective financial controls. The use of purchase cards provides significant efficiencies, reduces processing costs, and allows for better and more timely reporting on purchases. Managing this process by policy, and clearly identifying roles and responsibilities allows the city to benefit while mitigating any associated risks. Although the use of a purchase card is not mandatory, it is encouraged when the purchase is within the transaction value limit and it is efficient, economical, and operationally feasible to do so.

### 2. Scope

This policy applies to the use and administration of City Purchase Cards, to all staff, and to all cardholders.

### 3. Definitions

In this policy,

1. **Cardholder** means a specific individual whose name appears on the purchase card.
2. **Approver or Approving Authority** means a specific individual who has authority to approve expenditures and is designated to receive and approve a cardholder's monthly purchase card statement. This is usually a manager or supervisor to whom the cardholder reports to either directly or indirectly and has knowledge of the cardholder's job functions. This may also be referred to as "supervisor" or "manager".
3. **Purchase Card or PCard** means a corporate credit card.
4. **Issuing Authority** means the individual specified by this policy authorized to issue a card and change limits.

5. *Program Administrator* means a person designated by the City's Financial Officer to maintain and monitor the purchasing card program at the City.
6. *Purchase Card Coordinator* means an individual who has been designated by an Issuing Authority to perform administrative functions related to the purchase card program for a specific department or segment of the City.

#### 4. Policy Statements

This establishes a policy for the appropriate use and effective administration of Corporate Purchase Cards (PCards) in accordance with the City's Purchasing Policy and other relevant policies, bylaws, and legislation. The City's Financial Officer may use this policy and/or other policies or procedures as deemed appropriate to exercise the powers, responsibilities, and functions as outlined in the Community Charter and this policy is not intended to restrict those powers, responsibilities, and functions.

#### 5. Roles and Responsibilities

##### 5.1. Program Administrator

- a. Overall management and coordination of the purchase card program including maintaining cardholder files, developing program materials, processing request for credit limit changes, replacement cards, card cancellations, and blocking changes.
- b. Processing purchase card application forms.
- c. Providing cardholder with Cardholder Agreement, Purchase Card Policy, and Purchase Card Usage Procedures.
- d. Advising cardholders and approvers on the use of purchase cards and procedures.
- e. Ensuring the Purchase Card Program is monitored and audited by reviewing transactions to policies, notifying cardholder and approver of non-compliance, and documenting action taken as needed.
- f. Communicating deadlines for submitting reconciled statements to meet posting deadline set by Financial Services.

- g. Ensuring purchase card transactions are recorded to the accounting system and processing payments to the bank.
- h. Files all Purchase Card statements and receipts in accordance to City record retention policy.

#### 5.2. Issuing Authority

- a. Identifying opportunities and appropriate individuals to receive and use Purchase Cards.
- b. Approving requests for Purchase Cards and changes to limits.
- c. Setting purchase card limits for each cardholder based on anticipated usage to minimize liability if lost or stolen.
- d. Forwarding original, fully completed card applications to the Program Administrator.
- e. Assignment of departmental Purchase Card Coordinators as required.

#### 5.3. Approvers

- a. Verifying that the cardholder is using the card in accordance with City policies and procedures.
- b. Reviewing monthly statements, ensuring statements and receipts are valid and attached, ensuring compliance with policies and procedures before approving.
- c. Following policies and procedures when faced with misuse of the Purchase Card, such as unauthorized purchases.

#### 5.4. Cardholders

- a. Signing & Adhering to Cardholder Agreement.
- b. Safekeeping of Purchase Card.
- c. Following purchase card policies and procedures.

- d. Obtaining detailed receipt or e-mail confirmation at time of purchase.
- e. Ensuring receipt of monthly statement.
- f. Reviewing transactions and providing a short description of the business purpose of each transaction and the general ledger (GL) account coding.
- g. Reconciling and submitting monthly statement and receipts to approver in a timely manner.
- h. Resolving unauthorized or incorrect transactions with suppliers and the bank.
- i. Reporting lost or stolen purchase cards, or fraudulent transactions immediately to the bank and Program Administrator.

#### 5.5. Purchase Card Coordinators

- a. Provide administrative support to the cardholders and approvers.
- b. Assist cardholders and approvers with review and approval responsibilities.
- c. Assist in coordinating submission of statements and receipts to Program Administrator.
- d. Advising cardholders and approvers on the use of purchase cards and procedures.
- e. Liaise with Program Administrator.

#### 5.6. Procedures

Please see Appendix A: Purchase Card Procedures

### 6. Prohibitions

The purchase card may not be used for the following transactions:

- (1) Multiple transactions to circumvent the single purchase limit (splitting purchases)
- (2) Personal purchases without exception (purchases not related to City business).
- (3) Securing or booking personal items or events (when not related to City business i.e.: Don't use the card to hold tickets at the theatre).
- (4) As a personal credit reference.
- (5) Alcohol, tobacco, pharmaceuticals, or cannabis.
- (6) Hiring and payment of temporary help.
- (7) Cash advances, ATM transactions, purchase of bank drafts or money orders.
- (8) Settlement of City internal accounts except for system testing purposes
- (9) Donations.
- (10) Prepaid gift cards, prepaid gift certificates, prepaid grocery cards, or any other prepaid merchant cards unless for approved Human Resource or Community Relations purposes.
- (11) Training expenses where the course fees are reimbursed only upon satisfactory completion.
- (12) Consulting fees and professional contracted services of individual sub-contractors that are not registered with Worksafe BC and for whom the City pays insurance premiums.
- (13) Fleet fuel or other items which can be provided out of City inventory unless it is the only feasible option
- (14) Any product or service considered inappropriate use of City funds.

The purchase of prohibited items may be allowed, except personal use items, where approved for specific cardholders by the applicable issuing authority with the concurrence of the Director of Financial Services. Appropriate explanation and justification must be attached to the cardholder monthly statement with receipts.

## **7. Procedures and Guidelines**

**7.1.1. Acceptable Use**

- a. All purchases must be for city business purposes only.
- b. Purchases must be within the limits of the City’s budget.
- c. The Purchase Card is user-specific, only the cardholder may use their card to make a purchase.
- d. The purchase card may be used for the following transactions:
  - i. Single non-recurring purchase not exceeding \$10,000 or the cardholder’s monthly and transaction limits.
  - ii. Recurring purchase where an individual purchase does not exceed \$10,000 and the total value of commitment does not exceed \$10,000 unless the required authority and minimum competitive process requirements of the City’s Purchasing Policy have been met.
  - iii. Purchases otherwise made using petty cash or personal funds requiring reimbursement from the City.
  - iv. Authorized business travel and training expenses.

**7.1.2. Issuing of Purchase Card**

Purchase cards may only be issued to employees, City Council, or the Mayor based on an identified business requirement for the individual to make purchases of low dollar value items. Applications for a purchase card must be made to the Program Administrator and must be approved by the Issuing Authority as per the following table:

**Table I**

<b>Cardholder</b>	<b>Issuing Authority</b>
City Staff	Department Head or Designate
Department Head	CAO
CAO	Director of Financial Services
Mayor or Council	CAO

Purchase cards will only be issued after the cardholder has read and signed the “Cardholder Agreement”.

### 7.1.2 Limits

The maximum transaction amount is \$10,000. Monthly and per transaction limits will be assigned based on spending needs and patterns of the cardholder in the normal course of their duties, the limits will be selected from one of the following three basic profiles. Requests for changes to limits must be made to the Program Administrator and approved by the Issuing Authority listed above.

**Table 2**

Monthly Limit	Transaction Limit
\$6,000	\$1,000
\$15,000	\$5,000
\$30,000	\$10,000

Higher limits may be established at the request of the CAO with the concurrence of the Director of Financial Services.

### 7.1.3. Record Keeping, Reconciliation, and Approval

- a. Each cardholder will have access to their monthly online Purchase Card statement after the end of the billing cycle.
- b. Each cardholder must obtain from the supplier and retain an itemized receipt or supporting documentation for each transaction on their monthly Purchase Card statement. At a minimum the documentation must provide:
  - i. Date of purchase.
  - ii. Supplier name.
  - iii. Itemized description and cost of goods or services and taxes.
  - iv. Total dollar amount of purchase.
- c. In addition the cardholder must provide for accounting purposes:

- i. A short description of the business purpose of the transaction.
  - ii. General Ledger (GL) account coding.
- d. Each cardholder must review their monthly Purchase Card statement and reconcile it to their receipts. The cardholder must then submit their reviewed statement and receipts and supporting documentation to their approver.
  - e. Each approver must ensure that their cardholders review their monthly statement and submit the reviewed statement and receipts and supporting documentation for approval in a timely fashion. Once the approver is satisfied that the transactions are valid and comply with policies and procedures, the approver must approve the statement.
  - f. Approvers must submit approved statements and receipts and supporting documentation to Accounts Payable within 10 business days after the statement date.
  - g. If cardholders or approvers will be away from work during the 10 business days after the statement date and will be unable to reconcile their statements during this time they must reconcile their purchases prior to leaving or assign another person to reconcile their purchases. Contact the appropriate Approver, Purchase Card Coordinator, or the Program Coordinator for assistance if necessary. Unreconciled purchases may be recorded in a default expense or clearing general ledger account in order to close the accounting period.

#### **7.1.4 Non-Compliance**

- a. Any prohibited use of purchase cards must be documented with explanation and justification attached to the cardholder monthly statement with receipts.
- b. Failure to comply with the purchase card policy and related procedures may result in the purchase card being revoked. Any violations of this policy may be reported to the appropriate Manager and Human Resources for further actions.

- c. Fraudulent or intentional misuse of the purchase card for personal benefit will be considered misappropriation of City funds and will result in the appropriate disciplinary action, which may include the following:
  - i. Requirement for the cardholder to reimburse the City for any unauthorized purchases and payments;
  - ii. Cancellation of the cardholder's p-card; and
  - iii. Other disciplinary actions, including dismissal.
- d. The City's Financial Officer may limit the use of purchase cards, revoke purchase cards, and require additional procedures related to purchase cards.

## 8. Related Policies

Other related policies include:

1. Purchasing and Procurement Policy C012 ([DM#123159](#))
2. Travel Expense Policy A034 ([DM#147083](#))
3. Training Policy A035 (DM#[146671](#))
4. Council Expenses Policy C068 – ([DM#126161](#))

## Appendix A: Purchase Card Procedures

### 1. Introduction

The City's purchase card program has been established to provide a more efficient, cost-effective method for purchasing and payment of small-dollar transactions. The program is focused on reducing or eliminating the use of petty cash, cash advances, purchase requisitions (PO's), requests for cheques, vendor invoices, and use of personal funds. It is not intended as an option to avoid or bypass appropriate purchasing or payment procedures.

The City's purchase cards are issued through the Bank of Montreal (BMO) MasterCard Program. BMO provides the capacity for online reconciliation, coding, and approval of purchases through the Spend Dynamics website (<https://www.bmospenddynamics.com/>).

The purchase card program has corporate, not individual liability, and does not impact your personal credit rating in any way. Cardholders are responsible for the safekeeping of their card, PIN number, and Spend Dynamics login password.

Record keeping is essential to ensure the success of this program as City funds are committed with each transaction.

### 2. Purchase Card Contacts

Program Administrator	Raquel Logan	604-465-2419 <a href="mailto:rlogan@pittmeadows.ca">rlogan@pittmeadows.ca</a>
Public Works Purchase Card Coordinator	Elaine Harrison	604-465-2434 <a href="mailto:eharrison@pittmeadows.ca">eharrison@pittmeadows.ca</a>
BMO	Corporate Client Services	1-800-844-6445 <a href="mailto:ebsclientservices@bmo.com">ebsclientservices@bmo.com</a>

### 3. Obtaining A Card

#### a. Application Process & Forms

Complete the Purchase Card Application/Change Form ([DM#127726](#)) and submit it to the Purchase Card Program Administrator. The form must be signed by a Director or their delegate.

#### b. Cardholder Agreement

Cardholders will be required to sign the Purchase Cardholder Agreement Form ([DM#127727](#)) when they are issued a card.

#### c. Purchase Card Limits

Limits should be based on the purchasing needs of the cardholder. The limits of the card are requested via the Purchase Card Application/Change Form ([DM#127726](#)).

d. **Safekeeping of Cards**

The Purchase Card is City property and should be secured in the same manner as a personal credit card.

e. **Chip and PIN**

Cardholders will be issued a PIN number for use with the cards. You may be required to insert your card and enter your PIN into point of sale terminals when making a purchase in store. PIN numbers should not be shared.

f. **Spend Dynamics Online Access**

Cardholders & Approvers will have a Spend Dynamics Online account created for them. A user id and temporary password will be emailed to the Cardholder or Approver.

g. **Lost or Stolen Cards**

If the card is lost or has been stolen, it is the cardholder's responsibility to contact BMO Emergency Services (24 hours a day, 7 days a week)! The number to call is 1-800-361-3361. As soon as this is done advise the Purchase Card Program Administrator. Prompt action in these circumstances can reduce the City's liability for fraudulent charges.

h. **Returning Card Upon Request or Termination of Employment**

Cards must be returned to the Purchase Card Program Administrator for leave from work of 3 months or longer, upon termination of employment, or on request by the City.

4. **Making Purchases**

a. **Allowable Uses**

The purchase card may be used for city business purposes only.

See section 7.1.1 of the Purchase Card Policy ([DM#127728](#)).

b. **Prohibited Uses**

Do not make personal purchases using the purchase card.

Do not split transactions to circumvent the limits on the card.

See section 6.0 of the Purchase Card Policy ([DM#127728](#)) for a complete list of prohibited uses.

c. Receipts

The card will pay the vendor immediately, no differently than your personal credit card. No special charge account or separate invoice is required. **It is your responsibility to ask for and retain all receipts for goods and services purchased.** The receipt should contain at a minimum:

- Date of purchase.
- Supplier name.
- Itemized description and cost of goods or services and taxes.
- Total dollar amount of purchase.

This may be included on the credit card slip or on a separate receipt. It is very important you obtain receipts and submit them with your monthly statement reconciliation.

In addition the cardholder must provide for accounting purposes:

- A short description of the business purpose of the transaction.
- General Ledger (GL) account coding.

It is recommended that you note the short description and GL coding (if you know it) directly on the receipt (the lower right corner is best for future reference when they are stapled together) at the time of purchase or shortly after to make reconciliation easy. Create a folder or storage area for new receipts.

a. **Telephone Orders**

Many vendors will accept your Purchase Card over the phone. If you purchase via phone, fax, or mail, it is important that you are comfortable that you are dealing with a legitimate and reputable company. Ask the vendor to include the receipt with the goods when the product is shipped to you and/or email you a copy of the receipt.

b. **Internet Orders**

When making purchases with your card on the Internet, it is important to know that you are dealing with a legitimate and reputable company. It is recommended that you purchase through vendors that you know and recognize. If you have never made a purchase from this supplier, use caution. Look at the web site and use your best judgment. Ensure there is contact information, such as an address and telephone number. When entering your card information it is recommended that you confirm that the supplier is providing you with a secure (encrypted) connection. A small closed lock should appear in the address bar of the browser screen. Never send your purchase card number via email. Print a confirmation of the order showing the charges (including shipping and taxes). This confirmation or an invoice will be required for your "receipt" submission and transaction approvals.

- c. Read delivery and return policies and privacy statements of how information will be protected. Consider if the vendor stores the credit card number in their database and how they protect it after the purchase has been conducted. Make sure you can return any unsatisfactory items and get a refund.

5. **Reviewing Purchases**

a. **Using Spend Dynamics**

Purchases will be reviewed using Spend Dynamics (<https://www.bmospenddynamics.com>). See the BMO Spend Dynamics Quick Employee Quick Reference Guide ([DM#185071](#)). When you login to Spend Dynamics you can view all the purchases made on your card, enter any additional information about the purchases including a description and GL coding.

The review process consists of:

- **Log in** to Spend Dynamics
- **View new purchases.** These are purchases which require review. These will be listed under the "Card Transactions" menu. These should match the receipts you have in your "new" receipts folder.



- Enter a short description and GL coding to the purchase in Spend Dynamics. If you have written these on the receipt earlier it will make it easy now. These will be used by financial services when recording the purchase. If you are unsure which GL code to use ask your supervisor or financial services and they can assist you. Click "save" to complete the review step for this transaction. Your Approver can now see that you have reviewed this purchase and it is okay for them to approve it. Create a folder or storage area for "reviewed" receipts and move the receipt from your "new" folder to your "reviewed" folder.

b. Missing Receipts

If you are missing a receipt for a purchase on your card, contact the vendor and ask them to email or fax you a copy of the receipt. If you cannot obtain a copy of the receipt, complete a Missing Receipt Declaration Form ([DM#127729](#)).

c. Fraudulent Or Invalid Purchases

There may be occasions where you find items on your statement that do not belong to you or do not correlate with your retained receipts. You may not have made the transaction, the amount of the transaction may be incorrect, or you may have a quality or service issue. **It is your responsibility to resolve the issue.**

If the charge does not belong to you, contact the Bank and advise them you wish to dispute the charge. BMO Client Services number is 1-800-844-6445. If the error is an inconsistency between the price quoted and the price charged, your first recourse is to contact the vendor involved to try to resolve the error. If the vendor agrees that an error has been made, they will credit your account. If the vendor does not agree that an error has been made, contact the BMO Client Services at 1-800-844-6445.

When contacting the bank, state that you would like to dispute a charge on your card. The amount of the next invoice will be reduced by the amount of the disputed item until the question is resolved. Any charge you wish to dispute must be identified in writing within 30 days of the statement date. Disputes will then be resolved by BMO within 90 days. Please advise the Purchase Card Program Administrator that you are disputing the charge.

d. Mistakes And Unintended Purchases

If you have made a purchase by mistake, including personal and prohibited purchases, attempt to return the item and have the vendor provide a refund to the card. If this is not feasible then:

If the purchase is personal in nature, notify the Purchase Card Program Administrator and make a reimbursement payment to the City for the full amount of the personal purchase.

If the purchase is a prohibited purchase but for business purposes, note this for your Approver by attaching an explanation surrounding the circumstances of the purchase to the receipt.

## 6. Submitting Reconciled Statement And Receipts For Approval

Statements are available on Spend Dynamics, using the Report module of the [BMO Spend Dynamics](#) system. You will get an email when the statement is available. Statements are issued monthly on the 3<sup>rd</sup> of the month. The statement will include purchases processed from the 4<sup>th</sup> of the prior month to the 3<sup>rd</sup> of the statement month. (processing date may be different from the transaction date). See the BMO Spend Dynamics Quick Employee Quick Reference Guide ([DM#185071](#)).

The statement reconciliation and receipt submission process consists of:

- **Log in** to Spend Dynamics
- **Ensure purchases have been reviewed.** You should not have any unreconciled purchases which have been processed during the statement period. All items during the statement period should have description and GL coding.
- **Print Statement.** Go to “eStatement” on the left hand side menu and select statement period date range.
- **Staple Receipts to back of statement.** Pull out the receipts from your “reviewed” folder and attach them to your statement. They should be in the same order as they appear on the statement. You should have a receipt for each purchase on your statement.
- **Submit statement & receipts to your Approver.** Either a hard copy or scanned documents sent via email can be submitted to the approver.

## 7. Approving Reconciled Statements – *For Approvers Only*

The approval process is very similar to the review process. Purchases have now been reconciled by the cardholder. Now they must be approved by an Approver. Cardholders have submitted a statement with attached receipts to their approver. It is recommended that the approver creates a folder for unapproved statements. See the BMO Spend Dynamics Quick Approver Quick Reference Guide ([DM#185073](#)). The approval process consists of:

- **Log in** to Spend Dynamics

- **View reviewed purchases.** These are purchases which require approval. These purchases have been reviewed by the Cardholder but have not yet been approved. Each purchase should have a short description and GL coding which has been entered by the Cardholder during the review process. You can make changes to this information prior to approving it. Cross reference these purchases to the submitted statement and receipts. They should match the receipts attached to the statement.
- **Approve the purchase.** These purchases are now ready to post into the City's accounting system.
- **Sign & submit statement & receipts to the Purchase Card Program Administrator (Finance).** An email to the Purchase Card Administrator, confirming approval of Pcard statement with the attached statement and receipts is acceptable.

## 8. Accounting

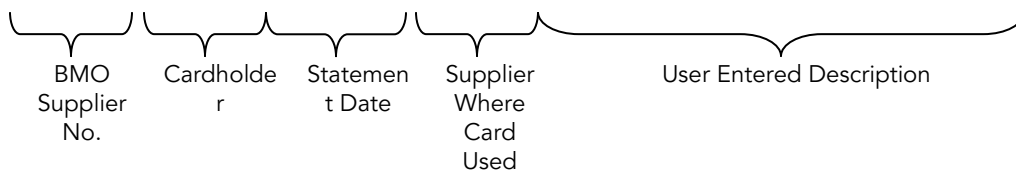
### a. Accounts Payable

Accounts payable will download the purchase details from Spend Dynamics for the statement period and import them into the City's accounting software. The receipts will be audited to ensure they match the information from Spend Dynamics.

### b. General Ledger Reporting

The purchases will be posted to the general ledger accounts which have been entered in Spend Dynamics during the approval process. The description will look something like this:

"BMO0001;B.SMITH JAN 03/15;STAPLES-BINDERS FOR POLICY MANUALS"



### c. GST

Do not worry about entering or identifying GST and PST amounts for purchase card transactions. A factor method will be used to calculate GST as per CRA's Policy Statement [P-184 "Credit Card Expenses and the Registrant's Use of Factors for Claiming Input Tax Credits"](#).

d. Payment

Payments are made to BMO by preauthorized debit. Accounts payable record payments made to BMO in the City's accounting system.