


# Administrative Procedures

 <b>AP 715 - Commercial Credit Card Program</b>	<b>References:</b> New Card Request Form BMO Cardholder Agreement Purchase Card Limit Increase Request Form Cardholder Change Form	<b>Tracking:</b> CREATED - August 2020 BOARD Approved – Oct. 20, 2020
	<b>Related:</b> AP 706 – Purchasing	<b>Status:</b> APPROVED

## BACKGROUND

This procedure is for the use and control of Purchase Cards (Commercial Credit Card) for obtaining goods and services required by the North East School Division.

North East School Division’s purchase card program provides the opportunity for schools and division personnel to exercise timely, efficient, and cost effective purchasing power to serve the educational mandate set out by the school division. When assuming the responsibility of a purchase card, all employees are empowered to safeguard division assets through engaging in practices that ensure this call to stewardship, operating in a fiscally responsible manner.

## DEFINITIONS

### Approver

The specific positions within North East School Division with authority to make expenditures from specific budgets. In schools, the approver is always the principal.

### Approver Charge Code

A code used in BMO to designate who should approve a transaction. This code is used in all transactions but can be changed to direct the invoice to the correct approver when the items purchased are for a school or department that is not the cardholder’s default location.

### Cardholder

Employees designated to have a purchase card issued to them for making approved purchases.

### Division

North East School Division

### Finance SharePoint Site

An online library specific to each school or department that is shared with the financial services department. The purpose of this library is for sharing financial documents.

### Immediate Family Member

Includes a person’s spouse or common-law partner, dependent child, siblings, parent or step-parent or parent or step-parent of the person’s spouse or common-law partner, or guardian.

## Program Administrator

An individual who plays a key role in the initial setup and ongoing maintenance of Spend Dynamics. The program administrator role is comprised of the following activities:

- Employee management
- Card account management
- Invoices and statements
- File management
- Data analysis

The Manager of Financial Services serves as the program administrator and has complete responsibility for the purchase card program. The Manager of Financial Services may delegate duties to the Accounting Clerks as referenced in [section 13](#).

## Purchase Card or P-Card

A special type of credit/charge card, with individualized controls, issued by BMO, and used to make approved purchases.

## PROCEDURES

### 1. OBTAINING A PURCHASE CARD

- 1.1. To obtain a purchase card a [New Card Request](#) must be completed, authorized by the Approver (usually school principal or office supervisor) and sent to Financial Services by dropping the form onto the Finance SharePoint Site. The Manager of Financial Services reviews and approves all New Card Request forms.
- 1.2. Each purchase card will have a unique number, and will be issued in the name of the division employee who has been authorized to use that card. The card is non-transferable to any other employee, even if that other employee is also authorized to use a purchase card on behalf of the division. Only the person to whom the card is issued may use the card.
- 1.3. The new cardholder must complete and sign a [BMO Cardholder Agreement](#) before receiving a purchase card.
- 1.4. Additional resources in the form of [webinars](#) have been prepared to guide the new cardholder.

### 2. AUTHORIZATION TO PURCHASE

Whenever possible a purchase card should be used when making purchases of any kind.

- 2.1. The purchase card is not intended to bypass established procedures of the division. If the Principal's approval is required prior to making a purchase the cardholder must first obtain that authorization prior to making a purchase. All purchases made with the purchase card shall be subject to [Procedure AP706 – Purchasing](#), including all requirements for competitive bidding.
- 2.2. Under no circumstances will the purchase card be used to circumvent division purchasing administrative procedures and restrictions.
- 2.3. Only the person whose name appears on the card may use the card.

- 2.4. The purchase card must only be used to purchase goods and services required for the business purposes of the school division.
- 2.5. The cardholder cannot split purchases to circumvent the card limits.

### **3. PROGRAMMED LIMITS**

- 3.1. Each card will have an established monthly limit of \$5,000.
- 3.2. Each purchase card issued does not have an established single transaction limit. Prior to making any purchase, the cardholder should inform their supervisor of the purchase.
- 3.3. The monthly limit can be increased to cover specific large purchases upon approval by the immediate supervisor and the CFO. An increase in the monthly limit can be requested by completing the [Purchase Card Limit Increase Request](#) with correct authorization.

#### **SUPPLIER CATEGORY EXCLUSIONS**

- 3.4. In addition to the programmed limits, the purchase card may not be used for the following items:
  - 3.4.1. Personal or private use, including cash advances
  - 3.4.2. Personal entertainment
  - 3.4.3. Purchase of alcohol (unless required based on job function for a division wide staff event such as Staff Appreciation Night)
  - 3.4.4. Tobacco
  - 3.4.5. Cannabis
  - 3.4.6. Dating/escort services
  - 3.4.7. Lottery tickets or gambling transactions
  - 3.4.8. Automated cash disbursement
  - 3.4.9. Direct marketing companies
  - 3.4.10. Controlled items such as radioactive or hazardous material, prescription drugs, etc.
  - 3.4.11. Maintenance contracts
  - 3.4.12. Leasing of equipment or extended rentals that exceed 30 days, where the principal has not received approval to enter into the contract prior to making the charge.
  - 3.4.13. Gift Certificates to be given to staff or non-staff to facilitate shopping (example: a gift card is purchased from a grocery store and given to another employee or student who is required to pick up groceries using the certificate)

### **4. PERSONAL PURCHASES**

- 4.1. Purchase cards are not to be used for personal use such as meals, shopping, etc. Personal use of a purchase card could result in immediate cancellation of the card and further disciplinary action as deemed necessary.
- 4.2. Accumulation of Air Miles or other rewards for personal use based on purchases made with a division purchase card (or any other method) is prohibited.

### **5. CONFLICT OF INTEREST**

- 5.1. Except with the approval of the CFO, purchases will not be made for any goods or services from division employees or from companies in which division employees or immediate family members of division employees have an ownership interest.

## 6. REFUNDS

- 6.1. No cardholder may accept cash or 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 to the purchasing card.

## 7. TRAVEL EXPENSES

- 7.1. Purchase cards **can** be used for the following travel related expenses of the North East School Division:
  - 7.1.1. Airfare and hotel accommodation to authorized events
  - 7.1.2. Rental vehicles and fuel for rental vehicle
  - 7.1.3. Registration fees to authorized events (workshops, conventions, symposiums, etc.)
  - 7.1.4. If any of these expenses will exceed the cardholder's monthly transaction limit (see point 4-3), the cardholder must fill out the [Purchase Card Limit Increase Request](#) to increase their limit prior to travelling.
  - 7.1.5. Purchasing meals while travelling to authorized events when the meal is within the division per diems
- 7.2. Purchase Cards are **not** to be used for the following travel related expenses:
  - 7.2.1. If you drive your own vehicle, do not use your purchase card to buy fuel for your car. Instead submit your expenses using prevailing division rates for mileage. *See minutes from NESD Organizational Meeting for current rates.*
  - 7.2.2. Do not use the purchase card to obtain meals while travelling to authorized events when the meal is over the division per diems. Any amount that is over division per diem will be applied to the employee's vendor card and will be clawed back the next time they are reimbursed for out of pocket expenses. If this employee is unlikely to submit an out of pocket expense claim, they can pay the overage with cash, cheque or personal credit card.

## 8. HONORARIA/GIFTS

- 8.1. Purchase cards are not to be used for payment of honoraria for services provided.
- 8.2. Purchase cards may be used to obtain gift certificates intended as a gift for services provided up to a maximum of \$50 per individual per year. Gift certificates cannot be purchased for Years of Service awards.

## 9. LIABILITY – DIVISION

The liability for authorized use of the purchase card rests with the division, and not the individual cardholder. Neither the division nor the cardholder is liable for unauthorized use of a card following loss or theft of the card.

## 10. LIABILITY – CARDHOLDER

Cardholders will be held liable for any misuse of a card, or willful disregard of policy or procedures, which result in fraud, collusion, or loss of money. Misuse of the card may result in disciplinary action.

## RESPONSIBILITIES

### 11. CARDHOLDERS

- 11.1. Submit the [BMO Cardholder Agreement](#) to Financial Services prior to receiving purchase card. In addition the agreement will need to be signed on a yearly basis reaffirming acceptance of the conditions of the agreement.
- 11.2. The cardholder must obtain all supporting documentation for the purchases made with the purchase card, a debit receipt is not sufficient. The correct receipt will contain:
  - 11.2.1. Date
  - 11.2.2. Total purchase amount
  - 11.2.3. Tax breakdown
  - 11.2.4. Purchase details
- 11.3. Verify and code purchase card transactions in BMO Spend Dynamics on a weekly basis to ensure the approver has adequate time to approve all transactions by the last working day of each month.
- 11.4. If the cardholder has a delegate responsible for coding their transactions in BMO Spend Dynamics, they must ensure that the delegate receives their receipts weekly.
- 11.5. Take action for any items showing on the online purchase card system that do not correlate with the purchase receipt, or are not authorized purchases.
- 11.6. Any incomplete or incorrect transactions marked "Information Required" by the approver will need to be corrected and resubmitted for approval.
- 11.7. Arrange for the payment of funds, to the program administrator, when the card has been used inappropriately.
- 11.8. Notify the program administrator of lost or stolen cards. The purchase card will be cancelled. If the North East School Division office is closed, call the number on the back of the card.

### 12. APPROVER RESPONSIBILITIES

- 12.1. Approving the issuance of Cardholder Agreements for personnel within his/her range of supervision including new card approvals and yearly resubmissions as identified in [11.1](#)
- 12.2. Reporting any breaches of responsibilities to the cardholder and to the program administrator.
- 12.3. Review and approve all cardholder transactions and verify that all supporting documentation is attached. Approval is done electronically in BMO Spend Dynamics.
- 12.4. Approvals shall be done weekly.
- 12.5. Filling out the [Cardholder Change Form](#) In the event that a cardholder moves to a different work location. The approver is responsible for the cardholder's transactions until this form has been completed.
- 12.6. Immediately notifying the program administrator of the resignation of any cardholder by filling out the [Cardholder Change form](#), and obtaining the purchase card from the individual.

### **13. PROGRAM ADMINISTRATOR RESPONSIBILITIES**

#### **13.1. Manager of Financial Services**

- 13.1.1. Maintaining the purchase card program and acting as the Plan Administrator.
- 13.1.2. Review and approve the monthly interfacing of purchase card transactions for the general ledger
- 13.1.3. Monitoring the use of the purchase card for adherence to this administrative procedure, and reporting any irregularities to the CFO
- 13.1.4. Approve New Card Request forms and review new cards and pins before being sent to the cardholder.
- 13.1.5. Increasing credit limits, on a temporary basis, as authorized by the supervisor and the CFO. When a request is made, a record must be kept of the following:
  - 13.1.5.1. The extent of the requested increase
  - 13.1.5.2. The rationale for the increase
  - 13.1.5.3. The time period for the extension of the limit increase

#### **13.2. Accounting Clerks**

- 13.2.1. Monitoring the use of the purchase card for adherence to this administrative procedure, and reporting any irregularities to the Manager of Financial Services.
- 13.2.2. Monthly interfacing of purchase card transactions for the general ledger.
- 13.2.3. Requesting a replacement card when a purchase card has been lost or stolen.
- 13.2.4. Increasing credit limits, on a temporary basis, as authorized by the supervisor and the CFO. When a request is made, a record must be kept of the following:
  - 13.2.4.1. The extent of the requested increase
  - 13.2.4.2. The rationale for the increase
  - 13.2.4.3. The time period for the extension of the limit increase

### **14. CFO RESPONSIBILITIES**

- 14.1. Responding to any irregularities as identified by the program administrator.
- 14.2. Authorizing the program administrator to terminate a cardholder's service as a consequence of breaches of responsibility made by the cardholder.
- 14.3. Approve temporary and permanent increases to transaction limits, as authorized by the supervisor.
- 14.4. Ensure the maintenance of a system of adequate internal financial control over the purchase card program.
- 14.5. Review limit increases on an annual basis, with recommendations for further amendments to this procedure being forwarded to the program administrator.

## **15. DISPUTED CHARGES**

Disputed charges are handled as follows:

- 15.1. Items charged to a purchase card that do not accurately reflect the transactions made by the cardholder (wrong amount, purchase not made by cardholder etc.) are considered to be disputed items.
- 15.2. The cardholder shall notify the program administrator immediately upon noticing the item. The program administrator will call BMO immediately.
- 15.3. Payment for the disputed item will be charged to a receivable account. Financial Services employees will monitor the card to ensure a credit is received for the item and to resolve the dispute with the bank. The credit will be assigned back to the receivable account.

## **16. GHOST CARDS**

- 16.1. A ghost card is a purchase card that is issued in the name of a particular vendor. This purchase card will only be used to make purchases from that vendor.
- 16.2. This card is used instead of a regular purchase card because the value of the purchases made from this vendor may be more than the cardholder's monthly limit.
- 16.3. The card number is given to the vendor and placed on account so that when items are purchased the vendor either places the charge directly on the credit card, or charges the outstanding invoices to the ghost card at month end.
- 16.4. Invoices for these purchases will be dropped into the purchasing school/department's finance SharePoint site. The invoice will need to be coded. When the coded invoice is received by Financial Services the transaction will be coded in BMO Spend Dynamics using the approver charge code to route the invoice to the correct approver.
- 16.5. Ghost card purchases will be approved in the same manner listed in [12 above](#).