

CITY OF THOROLD POLICY AND PROCEDURE MANAUAL

FINANCE		
POLICY NO: 300-19 REVIEWED: Aug. 12, 2014 June 2021 Dec 21, 2021 Oct 3, 2023	CORPORATE EXPENSE CARDS	Page 1 of 15

CORPORATE EXPENSE CARD POLICY AND PROCEDURES**1.0 INTRODUCTION****1.1 Purpose and Scope**

To outline the policy and procedures for the use and control of the City of Thorold Corporate Expense Card.

1.2 Authorization and Benefits

Provision of a City Corporate Expense Card will facilitate travel and/or emergency purchases and/or supplies for purchases from suppliers who will not issue invoices, normally having their own credit cards. In addition, benefits will accrue in the Accounts Payable Section of the Finance Department by reducing the number of travel advances and credit card payments processed, resulting in fewer cheques being prepared. Approved employees shall be limited to the CAO, Department Heads, Senior Department Managers and Supervisors and any other employee as approved by the Department Head, Director of Finance and the CAO. The requisition form to the Bank shall be approved by both the Director of Finance, and the Mayor. The CAO and Department Heads, and authorized staff, under the authority Purchasing Policy 300-01, are allowed the authority to purchase of low-dollar-value goods and services in support of sound business practices. This policy authorizes them, while maintaining the parameters of Policy 300-01 to use the Corporate Expense Card. Mayor to

be authorized to use the Corporate Expense Card to cover expenditures under the annual budgetary allocation for Mayor's Expense Allowance.

Accordingly, individuals with credit cards shall not request Travel Advances. All other employees will be provided with the normal cash advance for travel purposes.

1.3 Forms

"Appendix A"

Employee Acknowledgement of Responsibilities and Obligations Form

"Appendix B"

City of Thorold Purchasing Register

1.4 Inquiries

1.4.1 Inquiries related to the accounting aspects of this policy should be addressed to the Director of Finance.

1.4.2 Inquiries related to the purchasing aspects of this policy should be addressed to the Director of Finance.

2.0 POLICY

2.1 The Director of Finance is responsible for the Corporate Expense Card co-ordination function for The Corporation of the City of Thorold.

2.2 Each Corporate Expense Card will have a unique number, and will be issued in the name of the City of Thorold and the name of the employee who has been authorized to use that card. The card is not transferrable to any other employee, even if that other employee is also authorized to use a Corporate Expense Card on behalf of the City of Thorold.

2.3 The Mayor, Department Heads and Directors and Approved Managers are authorized by this policy to have purchasing and approval signing authority for low-dollar-value purchases by use of the purchase card.

2.4 The Corporate Expense Card will be issued, upon request to the Director of Finance, to approved employees who occupy positions with delegated low-dollar-value purchasing authority.

- 2.5 The limit for individual purchases is restricted to the purchasing authority for low-dollar-value purchases per section 5.0.
- 2.6 The credit limit, which is the maximum amount chargeable to each Corporate Expense Card is restricted to the maximum dollar limit established by each Department Head or Director and approved by the Chief Administrative Officer per section 5.0.
- 2.7 Corporate Expense Cards must not be used:
- a) when the total purchase price exceeds the total dollar limits per transaction (including taxes and freight) per section 5.0.
 - b) when a contract or tender is in effect for the product or service.
 - c) for personal use including personal vehicle expenses.
 - d) for computer hardware or software as all such purchases must be approved by the Director of Finance
 - e) when the cost of the goods or services would be significantly increased as a result of using the card and an alternative method of payment is available (i.e., a discount is provided by the vendor as a result of not using the card)
 - f) for companies with whom the City has established accounts and remits payments by cheque.
 - g) for companies with whom the City has existing corporate credit cards.
 - h) to obtain cash advances.
 - i) in violation of any provisions of Purchasing Policy 300-01
 - j) when budgetary approval does not exist.
- 2.8 No cardholder may accept cash or a cheque from a vendor who is making a refund pertaining to a transaction previously charged to a Corporate Expense Card account. A credit voucher must be issued by the vendor in all cases.
- 2.9 Every cardholder shall be informed in writing of their responsibilities and restrictions regarding the use of the Corporate Expense Card and shall agree to them in writing. (refer to 3.1 and Appendix A).
- 2.10 Card holders will be held liable for any misuse, and/or willful disregard of policies or operating procedures which result in a loss of money, fraud or collusion. Disciplinary measures may also be taken at the discretion of the CAO and Council.

- 2.11 To avoid the payment of interest, payments to the Bank issuing the purchase card shall be made in compliance with banking arrangements.
- 2.12 The liability for authorized charges on the Corporate Expense Cards rests with the City of Thorold, not the individual cardholder. The liability for unauthorized charges resulting from cardholder misuse and/or willful disregard of policies or operating procedures rests with the individual cardholder.
- 2.13 The individual cardholder must immediately notify the Bank of any loss or theft of the card through the 24-hour customer service line. The individual cardholder must also provide notification of card loss and confirmation of bank notification to the Director of Finance.
- 2.14 Fees, if any, for the use of the Corporate Expense Card shall be in compliance with banking arrangements and will be the responsibility of the City.
- 2.15 Purchases made outside Canada will be converted to Canadian funds at a rate established by the issuing Bank.

3.0 RESPONSIBILITIES

- 3.1 The Cardholder is responsible for:
- a) adhering to all conditions and restrictions imposed on the Corporate Expense Card by the City of Thorold and issuing Bank; including the non-transfer nor loan of the card to another employee for any purpose whatsoever.
 - b) submitting the Employee Acknowledgement of Responsibilities and Obligations Form to the Director of Finance. (refer to Appendix A).
 - c) ensuring that the Corporate Expense Card, monthly statements and other documents bearing the card number are kept in a secure location with controlled access for reconciliation, account verification and audit purposes.
 - d) immediately notifying the issuing Bank, and the Director of Finance of any loss or theft of the card.

- e) returning the card to the Director of Finance for cancellation, as appropriate.
- f) maintaining a Purchasing Register, on a monthly basis, for all purchases made with the Corporate Expense Card and submitting this Register, along with all original receipts to the Director of Finance no later than 7 days following receipt of Bank Statement each month. (refer to Appendix B).
- g) completing all required parts of the Purchasing Register including all taxes and totals and grand totals; affixing by stapling to the Purchasing Register the monthly Bank Statement and all receipts and vendor invoices.
- h) resolving disputed charges with the vendor or Bank within 30 days from the statement date as necessary. The assistance of the Director of Finance or designate in resolving disputes shall only be requested on a last resort basis.

3.2 The Department Heads and Director of Finance are responsible for:

- a) assessing the need for Corporate Expense Cards based on operational requirements.
- b) establishing the credit limits, transaction limit and monthly limit for each cardholder and as approved by the Director of Finance and/or Chief Administrative Officer.
- c) specifying the types of items to be purchased with the card, as need be.
- d) preparing and submitting the appropriate bank forms and other pertinent information to the Director of Finance for the issuance or cancellation of cards, increases or decreases to credit limits, change of address or change in department or area of responsibility.
- e) ensuring that each cardholder understands their responsibilities regarding the use of the Corporate Expense Card.
- f) ensuring that the use of Corporate Expense Cards conforms to departmental and corporate policy and procedures.

- g) monitoring and controlling the utilization of Corporate Expense Cards within their department or area of responsibility.

3.3 The Director of Finance is responsible for:

- a) authorizing the issuance or withdrawal of Corporate Expense Cards with the issuing Bank.
- b) processing bank forms with respect to changes of address and changes of department or area of responsibility, as requested by Department Heads or Directors or Approved Managers.
- c) compiling and reporting pertinent Corporate Expense Card data to the CAO, Department Heads or Directors, or Approved Managers as required.
- d) providing co-ordination with respect to monitoring the overall utilization of Corporate Expense Cards within the City of Thorold.
- e) reporting improper use of the card to the CAO and Council.

4.0 PROCEDURES

4.1 Requests for Corporate Expense Cards

- 4.1.1 An application form from the issuing Bank must be completed and signed by each potential purchase card user, and by the Director of Finance. Personal Credit information is not required as the card will be issued to the City of Thorold.
- 4.1.2 The approved application form must be sent by the Department Head or Director to the Director of Finance for transmittal to the issuing Bank.
- 4.1.3 Corporate Expense Cards are expected to be issued in compliance with banking arrangements. The cards will be sent directly to the Director of Finance for recording and review purposes prior to being issued to the cardholders.

4.2 Issuance of Corporate Expense Cards

- 4.2.1 Upon receipt of the cards from the issuing Bank, the Director of Finance must review the listing of enclosed cards for accuracy. Any inaccuracies are to be reported immediately to the issuing Bank.
- 4.2.2 The Director of Finance must inform the cardholder of the responsibilities and restrictions regarding the use of the Corporate Expense Card and obtain a written Employee Acknowledgement of Responsibilities and Obligations form from each cardholder before issuing the card (refer to Appendix A). The Acknowledgement of Responsibilities and Obligations form shall be retained by the Director of Finance for safekeeping.
- 4.2.3 The cardholder must sign the Corporate Expense Card and store it in a secure place until used.

4.3 Cancellation of Corporate Expense Cards

The cardholder must complete the Change or Cancellation Form from the issuing Bank and return the card cut in half to the Director of Finance for cancellation, when:

- a) specifically requested to return the card by the Director of Finance or the CAO
 - b) upon transfer to another department or area responsibility where the transfers deems the employee ineligible under the Corporate Expense Card Policy; or
 - c) upon termination of employment with the City of Thorold
- 4.3.1 Upon termination of employment, the cardholder shall be responsible for submitting all outstanding receipts and completing a Purchasing Register. The Finance Department shall be responsible for confirming the outstanding amount with the issuing Bank, prior to the processing of the final payroll for the terminated employee.

4.4 Lost or Stolen Corporate Expense Cards

- 4.4.1 The cardholder must immediately notify the issuing 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 and confirm the loss or theft in writing by forwarding a Change form to the Director of Finance. If the card is stolen, the police must be notified by the individual cardholder and a police report requested and forwarded to the Director of Finance.
- 4.4.2 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.

4.5 Change of Department or Area of Responsibility

- 4.5.1 Should the change cause the employee to cease to be eligible for a Corporate Expense Card, the card must be returned as specified in Section 4.3.
- 4.5.2 All such changes are expected to be made within a time frame that is in compliance with banking arrangements.
- 4.5.3 The card will be cancelled when the form is received by the issuing Bank. If another card is required, or credit limit modification is necessary, for low-dollar-value purchases related to the new department or area of responsibility, a new Corporate Expense Card Application form or Change Form must be completed by the Department Head and forwarded to the Director of Finance.

4.6 Modification of Credit Limit

- 4.6.1 To modify a credit limit, the Department Head or Director must complete a Change form and forward it to the Director of Finance. (Refer to Section 3.2.C)
- 4.6.2 The change to the credit limit is expected to be made within a time frame that is in compliance with banking arrangements.

4.7 Disputed Charges

- 4.7.1 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.
- 4.7.2 The cardholder must notify the Director of Finance immediately by telephone when disputed items as stated under 4.7.1 are involved. Disputed items reported by Card holders will be credited on the individual statement in the following month (provided they are legitimate). The amount indicated on the statement is the amount which should be paid to the issuing Bank.
- 4.7.3 The cardholder shall immediately notify the issuing bank and provide information and assistance to the issuing Bank to settle the disputed items, as required. The onus to resolve the disputed item rests with the cardholder, and not the Finance Department.
- 4.7.4 If the questionable item is not a bank error (i.e., late delivery, defective goods, wrong price, quantity difference, returned goods, etc.), the matter must be settled directly with the vendor by the cardholder. Such matters must be drawn to the vendor's attention immediately so as to minimize the delay in obtaining a credit to the Corporate Expense Card account. When the amount in dispute is of an insignificant dollar value, notices to vendors should be confirmed in writing even though settlement may be accomplished through telephone calls. Copies of the notices to vendors should be attached to the monthly Purchasing Register. Disputes with vendors are not considered to be disputed items and must not be deducted from monthly statements of accounts.

4.8 Purchase of Goods and Services

- 4.8.1 All original records of purchases made with Corporate Expense Cards will be kept in the Finance Department for audit purposes and to facilitate reconciliation and account verification (i.e., Purchasing Register, sales slips, credit vouchers, notices to vendors etc.).
- 4.8.2 The appropriate sales tax exemption number/certificate must be provided to the vendor to ensure exemption from the provincial sales tax where applicable.

- 4.8.3 The appropriate Provincial Sales Tax and Goods and Services Tax is to be paid where applicable.
- 4.8.4 For over-the-counter transactions, the cardholder will certify that the goods have been received or the services have been rendered by signing the sales slip; when goods are shipped, the cardholder must ensure that the shipment matches the order or sales slip.
- 4.8.5 For telephone orders, the cardholder must request the vendor to submit a copy of the sales slip with the shipment.

4.9 Purchasing Register

- 4.9.1 Department Heads and Directors shall ensure that a Purchasing Register is maintained (refer to Appendix B), on a monthly basis, for all purchases made with Corporate Expense Cards as this register will:
 - a) facilitate the reconciliation of each item purchased during the month through the use of a Corporate Expense Card (i.e., telephone orders and over-the-counter transactions) with the monthly statement received from the issuing Bank.
 - b) expedite the coding of transactions (i.e., the description of the item and the account coding are included on the register for each item purchased).
 - c) make it easier for Department Heads and Directors to review and approve expenditures charged to their budget through the use of Corporate Expense Cards;
 - d) expedite the payment process by including, by stapling to the Purchasing Register, supporting documents which are to be sent to the Director of Finance (i.e., the original copy of the Purchasing Register including all original sales slips, credit notes, purchase orders or similar documentation, as applicable and the original monthly Bank Statement).
 - e) provide an appropriate monitoring tool for Department Heads and Directors with respect to expenditures incurred against their budget

by employees with delegated purchasing authority for low-dollar-value purchases.

- 4.9.2 The information shown on the sample Purchasing Register (refer to Appendix B) is to comply with all requirements.

4.10 Payment of Monthly Statements

- 4.10.1 The master statement of account will be issued on the same day of each month by the issuing bank and will be sent directly to the Finance Department. The issuing Bank will send an itemized Bank Statement to each cardholder for the past months transactions.
- 4.10.2 Upon receipt of the statement for the current billing cycle, the Finance Department must ensure that the statement is date stamped immediately in order to establish the "receipt date". The due date is calculated in compliance with banking arrangements.
- 4.10.3 The following documentation must be sent to the Director of Finance or designate by the appropriate department or cardholder:
- a) The monthly statement from the issuing Bank approved by the cardholder and the Department Head or Director, which shall be affixed by stapling to the original copy of the Purchasing Register approved by the cardholder and the Department Head or Director with the detailed purchases listed on the register must match the charges shown on the monthly statement with adjusting entries shown, as need be, for disputed items (bank errors) etc.
 - b) All Sales slips, invoices, and all other applicable documents are to be affixed by stapling to the Purchasing Register.
- 4.10.3 The following documentation must be sent to the Director of Finance or designate by the appropriate department or cardholder:
- a) The monthly statement from the issuing Bank approved by the cardholder and the Department Head or Director, which shall be affixed by stapling to the original copy of the Purchasing Register approved by the cardholder and the Department Head or Director with the detailed purchases listed on the register must match the charges shown on the monthly statement with adjusting entries shown, as need be, for disputed items (bank errors) etc.

- b) All Sales slips, invoices, and all other applicable documents are to be affixed by stapling to the Purchasing Register.

4.10.4 Bank Statements and Purchasing Registers including sales slips, credit vouchers, etc., will be sent to the Director of Finance for functional review. Upon completion, the Director of Finance or designate will forward the documents to the Accounts Payable for payment purposes. All documentation will be retained for seven (7) years according to the Records Retention By-Law.

4.10.5 In order to avoid a penalty, the approved monthly statements and Purchasing Register must be sent to the Director of Finance or designate for processing within three (3) working days following receipt of the original statement by the cardholder. If individual cards have not been reconciled and approved for payment prior to the requested date, interest will be charged back to the delinquent department. **Repeated interest charges may result in the loss of credit card.**

4.11 Refunds from Vendors

When merchandise is returned or other adjustments to accounts are necessary, credit vouchers will be issued by vendors. Such credits must be issued against the same Corporate Expense Card that the original transaction was charged against.

4.12 Payment and Calculation of Interest

4.12.1 In accordance with any terms of the agreement between the issuing Bank and the City of Thorold, the payment of interest to the issuing Bank of is based on a defined payment period. Where the City of Thorold is responsible for any delay, interest will be automatically calculated and paid on overdue accounts.

4.12.2 Where interest is payable, it will be calculated as follows:

From the date of the bank statement of account is received by the Corporation of the City of Thorold until the date the payment is received by the issuing Bank and is a corporate charge;

4.12.3 The rate of interest payable will be negotiated between the issuing Bank and the City of Thorold. Any changes to this rate of interest must be only upon thirty (30) days written notice from the issuing Bank to the City of Thorold.

4.13 Card Renewal

Each Corporate Expense Card is issued for a period of not exceeding three (3) years starting with the month in which the card is issued. Cards will be automatically renewed unless the issuing Bank is advised otherwise by the City of Thorold.

4.14 Management Reports

All requested management reports produced by the issuing Bank will be sent to the Director of Finance or designate on a monthly basis for monitoring purposes.

5.0 SPENDING AUTHORITY LIMITS

5.1 Individual Transaction Limits

The spending limit for individual transactions is to be determined by the Director of Finance and approved by the Chief Administrative Officer. At no time for any purpose is the Corporate Expense Card to be used to obtain goods and services that total over \$2,500.00 for an individual transaction. Most card holders will have a **normal** maximum transaction limit including taxes and all costs of \$500 to \$1,000.00. Upon request and approval by the Director of Finance and CAO, individual transaction limits may exceed \$1,000.00 but not **should not** at any time **exceed** \$2,500.00. Such approval may require the approval of the Director of Finance and Chief Administrative Officer. Individual transactions are not to be repeated or used on a repetitive basis to supersede the above amounts.

5.2 Total Card Limits

The total spending limits for each cardholder is to be determined by the Director of Finance and approved by the Chief Administrative Officer. It is anticipated that the normal card limit will be no more than \$2,500.00, however, the total card limit for any individual card holder shall not exceed the limitations on spending of \$5,000.00 per the Purchasing Policy.

5.3 Senior Manager and Supervisor Limits

Maximum transaction limits and credit limits for Senior Managers and Supervisors will be established in consultation between the Department Head and Director of Finance, but in no case shall the **normal** limits exceed the ~~maximum limits of~~ \$1,000 maximum transaction and \$2,500 total card limit.

5.4 Other Approved Employees

Maximum transaction limits and credit limits for all other employees as approved by the Department Head, Director of Finance and CAO will be established in consultation between the Department Head and Director of Finance, ~~but in no case shall the limits exceed the maximum limits of \$500 maximum transaction and \$500 total card limit~~. The normal limit shall be \$500 maximum transaction and \$500 total card limit

5.5 Notwithstanding sections 5.1 to 5.4 of this policy, upon the request of The Department Head, and upon the approval of both the CAO and the Director of Finance, card limits and maximum transaction limits may be Modified on a case-by-case basis, from the normal limits, but at no time Can the card limit exceed a maximum of \$5,000

Appendix A**EMPLOYEE ACKNOWLEDGEMENT OF RESPONSIBILITIES AND OBLIGATIONS**

NAME: _____

DEPT: _____

DATE _____

I, THE UNDERSIGNED, AGREE TO THE FOLLOWING TERMS AND CONDITIONS FOR USE OF THE CITY OF THOROLD CORPORATE EXPENSE CARD:

1. THAT THE USE OF THE CARD WILL BE IN ACCORDANCE WITH THE GENERAL GUIDELINES SET OUT IN THE PURCHASE CARD POLICY AND THAT I HAVE BEEN MADE AWARE OF THESE GUIDELINES.
2. THAT THE CARD IS TO BE USED FOR PURCHASES ON BEHALF OF THE CITY OF THOROLD ONLY, WITHIN THE DOLLAR LIMITS SPECIFIED ON MY CARD AGREEMENT, AND IS NOT TO BE USED FOR PERSONAL PURCHASES OF ANY KIND, FOR CASH ADVANCES, OR FOR ANY REASON OTHER THAN FOR LEGITIMATE PURCHASES ON BEHALF OF THE CITY OF THOROLD.
3. THAT I WILL NOT PERMIT THE USE OF THE CARD, OR THE CARD NUMBER BY ANY OTHER PERSON, INCLUDING ANY OTHER EMPLOYEES OF THE CITY OF THOROLD.
4. I UNDERSTAND THAT FAILURE TO COMPLY WITH THESE GUIDELINES WILL RESULT IN CANCELLATION OF THE CARD AND PERSONAL LIABILITY FOR ANY CHARGES AND MAY RESULT IN FURTHER DISCIPLINARY MEASURES.
5. I ALSO AGREE TO RETURN THE CARD TO THE DIRECTOR OF FINANCE OR DESIGNATE WITHIN 1 WORKING DAY OF ANY REQUEST IN WRITING FOR ITS RETURN OR IMMEDIATELY UPON THE TERMINATION OF MY EMPLOYMENT WITH THE CITY OF THOROLD FOR ANY REASON.

SIGNATURE_____
DIRECTOR OF FINANCE
(OR DESIGNATE)

DATE OF ISSUE _____

CARD NO. _____

PURCHASING REGISTER
PURCHASE CARD SUMMARY

ISA STATEMENT DATE: _____

NAME: _____

DEPT: _____

GL ACCOUNT NUMBER	ITEMS/ DESCRIPTION	SUB-TOTAL \$	HST \$	TOTAL \$
				\$ -
GRAND TOTAL		\$ -	\$ -	\$ -

GRAND TOTAL ABOVE MUST AGREE WITH TOTAL ON YOUR MONTHLY BANK STATEMENT

Signature of Card Holder _____

Signature of Director of Finance _____

Signature of Department Head _____