

## **Administrative Procedure 519**

# **PURCHASING CARD PROGRAM**

### **Background:**

This Administrative Procedure (AP) is for the use and control of purchasing cards (a commercial credit card) for the purpose of obtaining goods and services required by the Lloydminster Public School Division (LPSD).

Purchasing cards are used in order to provide an efficient method of processing and controlling the large volume of purchases by LPSD which, while low in dollar value, are time sensitive for the ordering schools and offices and consume a disproportionate amount of purchasing, finance and administration resources to process.

### **Definitions:**

The following definitions are terms used in this procedure:

1. "Purchasing Card" or "PCard"      A special type of credit/charge card, with individualized controls, issued by a financial institution, and used to make approved purchases.
  
2. "Division"      Lloydminster Public School Division
  
3. "Cardholder"      Employees and designated and approved non-employees who have been authorized to have a purchasing card issued to them for the purposes of making approved purchases for the Division
  
4. "Budget Manager"      The specific positions within LPSD that have been given authority to make expenditures from specific budgets. In schools the budget manager is always the Principal. A budget manager may delegate his/her authority but cannot delegate his/her accountability.

## Procedures:

### Obtaining a purchasing card

1. To obtain a purchasing card an application must be completed (Appendix A), authorized by the budget manager and returned to the Accounting Office.
2. Each purchasing 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 employee is also authorized to use a purchasing card on behalf of the division. Only the person to whom the card is issued may use the card.
3. Although it is not encouraged, in cases where a non-employee is asked to purchase material on behalf of the school on a regular basis and using their own funds is not a practical option, a card may be obtained with authorization from the budget manager and the Superintendent of Administration.
4. Prior to receiving a purchasing card, the new cardholder must complete a training session and completed and sign a purchasing card user agreement (Appendix B) confirming they fully understand and agree to conform to this procedure when using the PCard.

### Authorization to purchase

1. Computer Devices– Purchases of computer devices, including iPads, android tablets, PC's, laptops, notebooks and/or related technology devices are **NOT** to be made using Purchase cards or purchased from retail stores or supplier websites directly by school staff. All purchases of this type of equipment are to be requested through the Information Technology department.
2. Furniture– Unless authorized in advance by the Facilities Manager, purchases of furniture items are not to be made using the Pcard. Purchases of furniture items are to be requested through the Facilities department.
3. The purchasing card is not intended to bypass established procedures in the school or office. If budget manager's approval is required prior to making a purchase the cardholder must obtain authorization prior to making a purchase.
4. All purchases made with the purchasing card shall be subject to AP 515, including all requirements for competitive bidding.
5. The purchasing card is not intended to bypass established contract arrangements for the supply of materials and services. Information on established models of equipment and supplies or services and the contracts suppliers can be requested from the appropriate department manager or the Chief Financial Officer.

### Programmed Limits

1. Upon request by the budget manager purchasing cards can have single transaction limits established. Individual card transaction limits will be established by the budget manager or the employee's supervisor and the purchasing card program administrator. Generally the purchasing card is to be used for purchases not to exceed \$1,000

- inclusive of all taxes and surcharges.
2. As well each card will have an established monthly limit. This limit will be established by the budget manager or supervisor and the purchasing card program administrator, and is usually set at \$5,000 per month unless otherwise requested by the budget manager.
  3. The single transaction limit and/or the monthly limit can be increased to cover specific large purchases, upon approval by the budget manager or immediate supervisor. An increase in single transactions limits can be requested by the budget manager or supervisor e-mailing the purchasing card administrator.

## **Inappropriate purchasing**

1. Certain types of purchasing are deemed inappropriate due to the nature of the purchase and consideration that is associated with LPSD's status as a publicly funded organization. Examples of purchases that would be considered inappropriate include (but isn't limited to) the following:
  1. Personal and private use items
  2. Cash advances
  3. Donations
  4. Purchase of alcohol and/or alcoholic beverages
  5. Controlled items (i.e.: hazardous materials)
  6. Contracted goods and services
  7. Maintenance contracts
  8. Extended rentals or leasing
  9. Direct employment of individuals

## **Other Limits**

In addition to the programmed limits, cardholders must **not** use the Purchase card in the following circumstances:

1. Any purchase intended to bypass the division's obligation to the competitive bidding process,
2. The circumvent any Board policy, legislation or budgetary control system,
3. Any commitment requiring a purchasing agreement, contract or similar arrangement obligating the division to future services,
4. Splitting of purchases into two (2) or more smaller transactions to bypass the transaction limits,
5. Cash advances or other financial services,
6. Lottery tickets or betting,
7. Where a standing purchase order contract is in place
8. Services normally provided through the maintenance department work orders,
9. Gift certificates to be given to staff or non-staff to facilitate shopping,
10. Temporary help,
11. Liquor purchases.

## **Personal purchases**

1. Purchasing cards are not to be used for personal use such as meals, shopping, etc...

Personal use of a purchasing card could result in immediate cancelation of the card and further disciplinary action as deemed necessary.

2. Accumulation of loyalty points or other rewards for personal use based on purchases made with the Division purchasing card must be tracked, and the employee is responsible for reporting all personal benefits received on their respective taxes.

## **Refunds**

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.

## **Travel Expenses**

1. If an individual is issued a purchasing card, the following travel related expenses should be charged against the purchasing card:
  1. Airfare and hotel accommodations to authorized events
  2. Fuel for Rental Vehicles
  3. Registration fees to authorized events (workshops, conventions, symposiums, etc...)
2. If any of these expenses will exceed your transaction limit, contact the purchasing card administrator to request a temporary increase prior to traveling.
3. Purchasing cards are not to be used for the following travel related expenses:
  1. If you drive your own vehicle do not use your purchasing card to buy fuel or supplies for your car (See AP 5## - Travel and Expenses). Claim your mileage separately using the prevailing rate for mileage.
  2. Do not use the purchasing card to obtain meals while traveling to authorized events. Refer to AP 5## and claim your meals separately using the established per diem allowances for meals.

## **Honoraria/gifts**

1. Purchasing cards are not to be used for payment of honoraria for services provided.
2. Purchasing cards may be used to obtain gift certificates intended as a gift for services provided up to a maximum of \$50 per recipient per school year.

## **Liability**

1. Board – The liability for authorized use of the purchasing card rests with the Board, and not the individual cardholder. Neither the board nor the cardholder is liable for unauthorized use of the card following loss or theft of the card. Use of the purchasing card will not impact the cardholder's credit rating in any way.
2. 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.

## **Other items**

1. The Accounting Department will maintain a Purchasing Card manual that will be provided to all cardholders which will outline the process for items such as:
  1. Responsibilities of Key stakeholders (i.e. cardholders, budget managers, program administrators, etc...)
  2. Obtaining a Purchasing Card
  3. Card Cancellation or Personnel Leaving
  4. Reconciliation of monthly statements
  5. Disputed charges
  6. Other pertinent information

**Revised:**

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