

Policy No. & Title: C107: PURCHASING CARDS

Effective: 2015-05-27

Next Review: 2020-05-27

Policy Sponsor: Manager, Purchasing and Payment Services

Approvals: 2005-11-15/AC-05-03; 2014-01-08/SLC-13-04

1. PURPOSE

The purpose of this policy is to establish the principles, responsibilities and procedures that define the use of Purchasing Cards.

2. POLICY

The Policy Sponsor develops maintains and implements standards and guidelines that achieve the objectives of this policy and reflect best practice that balances operational efficiency and College risk.

3. REFERENCES

College Policy

[C104: Expense Reimbursement](#)

[C106: Purchasing](#)

[P101: Corporate Health and Safety](#)

4. ADDENDA

Standard 1: PRINCIPLES, RESPONSIBILITIES AND LIMITS

Form 1: CARDHOLDER AGREEMENT

Form 2: PURCHASING CARD TRANSACTION LOG

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Policy No. & Title: C107: PURCHASING CARDS

Addendum: **Standard1: PRINCIPLES, RESPONSIBILITIES AND LIMITS**

Issued by: Manager, Purchasing and Payment Services

Effective: 2015-05-27

1. PURPOSE

The purpose of this document is to establish the principles, responsibilities and standards associated with the possession and use of Purchasing Cards by College employees.

2. DEFINITIONS

Cardholder: An employee authorized by their manager to use a Fanshawe College Purchasing Card for College-related purchases.

Purchasing Card or P-card or Card: A credit card issued by a bank to Fanshawe College. The card is imprinted with the Cardholder's name, Fanshawe College logo, credit card number and validity period.

Plan Administrator: Manager of Purchasing and Payment Services.

3. INTRODUCTION

3.1. Purpose

The purpose of the Fanshawe College Purchasing Card Program is:

- To establish an efficient, cost-effective method of purchase and payment for small dollar transactions within the limits prescribed.
- To complement existing processes and policies established by the Board of Governors, Fanshawe College and other agencies with legislative authority. It is not intended to bypass any appropriate and established purchasing or payment procedures.
- To provide information and procedures for budget managers to follow in requesting, using, approving and reconciling Purchasing Card purchases for goods, services, and travel.

3.2. Scope

This policy applies to purchases made using a Fanshawe College Purchasing Card.

- 3.2.1. The Purchasing Card is designed as an alternative to low value purchase orders, certain regular purchase orders, low value blanket orders, certain cheque requisitions, petty cash and employee expense claims.
 - 3.2.2. A Purchasing Card is used for goods and services where the College has not established a purchasing arrangement and the goods or service usually costs less than \$1,000 (tax included) per transaction.
 - 3.2.3. The Purchasing Card is not meant to replace blanket orders of significant value or College purchasing agreements. Such transactions are as efficient as the Purchasing Card and provide a lower-cost alternative.
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- 3.2.4. Purchases for goods where contracts are in place must be made from contract suppliers.
- 3.2.5. Usual transaction limits are outlined in section 6 below.
- 3.2.6. Unusual individual and monthly limits may be established to limits as outlined in section 6, Limit 3, depending on the needs of the individual and the department, and with the approval of the Plan Administrator.
- 3.2.7. Both individual and monthly limits are reviewed on a regular basis to ensure the needs of the College are being met.
- 3.2.8. Purchasing Cards may be used for all travel and this policy applies equally to travel related expenditures.
- 3.2.9. Employees do not have the option of declining the use of a Fanshawe College purchasing card if the employee's manager decides a purchasing card is necessary.
- 3.2.10. If the budget manager decides that an employee, given the nature of their work, does not need a College Purchasing Card, the employee may continue to pay for College-related expenses using a personal card and filing an employee expense claim or obtaining a travel or materials advance.

4. PRINCIPLES

- 4.1. The Cardholder and the Cardholder's manager have read and signed the Fanshawe College Purchasing Card Agreement (Form 1 attached) that outlines the responsibilities inherent in using the card and the procedures for same.
- 4.2. The Purchasing Card is the property of Fanshawe College and can only be used for Fanshawe College business. Fanshawe College is liable for all expenditures made using the Purchasing Card. Personal purchases are not permitted.
- 4.3. The Cardholder is accountable for purchases made by the Cardholder on the Cardholder's Card. Cardholders are responsible for exercising sound judgment when incurring expenses and conducting business on behalf of Fanshawe College. Card expenditures incurred are in accordance with College policies and procedures.
- 4.4. Standard payment policies require retention of receipts and other documentation by Accounts Payable.
- 4.5. The Budget Manager establishes the spending limits for a Cardholder using Limit 1 or Limit 2 as set out in section 6. The limits include applicable taxes.
- 4.6. Employees who have a College Purchasing Card are required to use that card only for College business expenses, and are not permitted to use their personal cards for such transactions.
- 4.7. The Purchasing Card may be used both for purchase of goods and services, and for purchase of travel-related items. There is no separate Purchasing Card for travel.

5. RESPONSIBILITIES**5.1. Cardholder**

The Cardholder, having signed the Form 1: Cardholder Agreement, is responsible for the safekeeping and proper use of the Purchasing Card. The Cardholder ensures funds are available prior to purchase. The Cardholder is responsible for reconciling any discrepancies by either contacting the supplier, bank or the Plan Administrator as appropriate. Form 2 is a sample template that may be used to track Purchasing Card transactions if desired.

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The Purchasing Card is for use by the Cardholder to whom it was issued and is intended to facilitate the purchase and payment of materials and services required to conduct Fanshawe College business. Use of this Card for personal purposes is strictly prohibited.

5.2. Budget Managers

Budget managers seeking to assign Purchasing Cards to their employees are responsible for ensuring that procedures outlined in Form A and the limits prescribed in Standard A are followed and that the purchases made using the College Purchasing Card are appropriate, approved and receipted. They are also responsible for signing the Cardholder's agreement which outlines their role in safeguarding the Purchasing Card when an employee's status changes.

5.3. Plan Administrator or Designate

The Plan Administrator is the Manager, Purchasing and Accounts Payable or designate. The Plan Administrator processes and maintains requests for Purchasing Cards, assists in the resolution of problems and administers the overall program.

Approval of both the Budget Manager and the Plan Administrator is required for an employee (full-time or other than full-time) to be authorized as a Cardholder.

The Plan Administrator develops and maintains procedures as may be required to implement this policy. Such procedures are attached to this policy in the College Policy Manual and may be amended by the Plan Administrator without reference to Senior Leadership Council.

5.4. Payment Services

Payment Services processes and pays monthly Purchasing Card charges in full through a monthly consolidated statement. Payment Services receives, reviews and houses approved monthly statements and corresponding receipts and documentation from Cardholders.

6. CARD LIMITS

6.1. Limit 1 – Usual Limits

Per Transaction Limit: \$1,000

Monthly Limit: \$5,000

6.2. Limit 2 – International/Extensive Travel and High Volume Purchasing Limits

Per Transaction Limit: \$5,000

Monthly Limit: \$10,000

6.3. Limit 3 – Unusual Circumstances

Per Transaction Limit: Determined on a case-by-case basis.

Monthly Limit: Determined on a case-by-case basis.

The Plan Administrator AND Budget Manager determine these limits jointly on a temporary basis only.

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Policy No. & Title: C107: PURCHASING CARDS

Addendum: **Form 1: CARDHOLDER AGREEMENT**

Issued by: Manager, Purchasing and Payment Services

Effective: 2015-05-27

1. PURPOSE

The purpose of this form is to document the agreement of an employee who receives a Fanshawe College Purchasing Card to the conditions placed on the possession and use of the card.

2. KEY CONTACTS

2.1. Plan Administrator

Bosco Yuan, Executive Director, Finance, Fanshawe College
(519) 452-4430 ext 5107 Fax (519) 452-3923 byuan@fanshawec.ca

If further information or help is needed please contact the Plan Administrator.

2.2. Scotiabank Customer Service

Tel: 1-800-387-6466 (Canada and USA)

Scotiabank Purchasing Card Customer Service Representatives are available 24 hours a day seven days a week. They are responsible for:

- Activating new cards.
- Answering questions about account balances and other related account inquiries.
- Lost or stolen cards.
- Emergency card replacement.
- Processing disputes.

3. PURPOSE OF THE P-CARD

The purpose of Fanshawe College Scotiabank VISA Purchasing Card Program is to establish an efficient, cost effective method of purchase and payment for small dollar transactions.

The Purchasing Card is designed to be used for small dollar purchases of goods and services generally under \$1,000.00 including taxes per purchase and within the limits prescribed. This manual provides the guidelines for staff members who will use the Purchasing Card.

The Purchasing Card may be used at any approved vendor or supplier who accepts the VISA card throughout Canada or any other country.

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4. ACTIVATING A PURCHASING CARD

The Card must be activated before it can be used. The Cardholder completes activation after this agreement has been read and signed by the Cardholder and Budget Manager.

When you receive your card, sign the back of the card and keep it in a secure place. Although the card is issued in your name, it is the property of Fanshawe College and is used only for College purchases as defined in this agreement.

5. CONTROL FEATURES BUILT INTO THE PROGRAM

5.1. Controls are set by the Plan Administrator, including:

- Monthly credit limits for individual Cardholders.
- Single dollar transaction limits for individual Cardholders. (A transaction may not be split into two or more transactions to bypass the single dollar limit.)
- Authorized suppliers.

Each card's limits are separately set within a defined range of purchasing limits as established by the College and authorized by your manager to fit the needs of the individual. For example, the limit on the cards issued to employees who are required to travel extensively for business purposes is higher than the usual limit. If a Cardholder finds their monthly credit limit or single transaction limit is too low to accommodate their purchasing needs, they should contact their manager to re-evaluate the card's limits. Managers advise the Plan Administrator by e-mail of required changes so they may be implemented in a timely manner.

5.2. Use of a P-card for a Cash advance is prohibited.

5.3. If a Cardholder believes a purchase has been wrongly declined, they should immediately contact Scotiabank Customer Service to determine the nature of the decline. To limit this occurrence, international travelers are urged to alert Scotiabank in advance of the overseas travel.

5.4. Managers may request reports of P-card transactions, summaries and other details. These reports are designed to assist management in monitoring purchase transactions. The Plan Administrator can advise what reports are available.

5.5. The Fanshawe College Scotiabank VISA Purchasing Card is linked to the College's General Ledger budget account structure. Each card is assigned a general ledger line account which is used to process payment of purchases made on the card. If necessary, re-allocation of expenditures to alternate general ledger line accounts is accomplished by journal entry initiated by the Cardholder.

5.6. The Purchasing Card is ONLY for use by the Cardholder to whom it is issued and is intended to facilitate the purchase and payment for materials and services required to conduct business.

5.7. Any use of this card for a personal purpose or the lending of this card to another individual for use is strictly prohibited. Such prohibited use of the card may result in disciplinary action up to and including dismissal. Note that regular spot audits are performed to ensure compliance with College policies.

6. PURCHASING PROCEDURES

6.1. Purchases where Payment Occurs when Goods or Service are Received

The steps of a typical transaction of this nature include:

- The Cardholder selects goods or receives service.
- The cashier totals the sale and obtains authorization from VISA.
- The Cardholder signs or authorizes payment and receives a detailed cash receipt. This receipt is retained for the Cardholder's records (Vendor's HST number must appear on the cash register receipt).
- The Cardholder retains the receipt until their Monthly Statement is received.

6.2. Telephone, Mail and Fax Purchases

The steps of a typical telephone/mail/fax order include:

- The Cardholder selects goods or service and then calls or faxes the supplier with the order.
- The Cardholder instructs the supplier to charge the goods or service to their Scotiabank VISA Purchasing Card and provides the card number.
- The Cardholder instructs the supplier to:
 - Forward a detailed receipt to the Cardholder for confirmation.
 - Ensure that the HST number is on the receipt and the HST amount is clearly indicated.
- When goods are received, the Cardholder retains the receipt until the Monthly Statement is received.

6.3. Internet Purchases

The steps of a typical Internet purchase include:

- The Cardholder selects the goods or service from the vendor website.
- The Cardholder provides the Scotiabank VISA Purchasing Card number together with the expiry date.
- The Cardholder confirms the transaction and requests a receipt or other acceptable confirmation notices.
- The Cardholder prints the receipt and retains the receipt until the Monthly Statement is received.

7. ACCEPTABLE PURCHASING CARD USES

A basic guideline is that any single purchase of a good or service should not exceed \$1,000 (including taxes) and that single travel purchases usually do not exceed \$1,000, (including taxes). Nevertheless, expenses charged to a P-card must follow the same approval levels and limits as outlined in the policy C106: Purchasing.

The following are examples of acceptable Purchasing Card uses:

- Business-related uses
- Purchase or rental of small tools and equipment

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- Consumables and miscellaneous service charges
- Maintenance, service calls, on-site repairs
- Subscriptions
- Seminars, dues, travel (including train tickets and car rentals)
- Memberships
- Hotel accommodations
- Food and Beverage
- In-store purchases (e.g., grocery stores)
- Internet purchases ^{1 2}
- Computer hardware and components (requires written purchase authorization from ITS)
- Computer software up to a limit of \$1,000 ² (requires written purchase authorization from ITS)
- Office supplies ¹
- Books – Textbooks or library books for regional campus bookstores only
- E-Bay purchases ^{1 2}

¹ Purchases of goods or services with a Purchasing Card are subject to applicable College policy, procedure and guidelines including policy P101: Corporate Health and Safety, and the Contractor Health and Safety Checklist included in that policy and that may be required.

² Purchases made from suppliers outside of Canada may have brokerage fees and self-assessed taxes applied by Payment Services as required.

8. UNACCEPTABLE PURCHASING CARD USES

The following are examples of unacceptable Purchasing Card uses:

- Personal uses
- Cash advances
- Extended rent of facilities
- Consulting services
- Allowing other individuals to use your card for unauthorized purposes.
- Purchases from unauthorized vendors
- Financial instruments such as bank drafts, bank wires, money orders
- Non-agency staffing or contract services
- Annual maintenance contracts and software maintenance contracts over \$1,000
- Products that require refilling or return to vendor (e.g., gas cylinders; bottled water)
- Extended rentals or leases of equipment
- Internal College purchases

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- Materials and services covered by significant value blanket orders, system contracts and purchasing agreements.
- Any other use that is deemed unacceptable by the College.

9. RECORD RETENTION, RECONCILIATION AND PAYMENT - CARDHOLDER'S RESPONSIBILITY

A Cardholder receives a monthly statement electronically identifying each transaction captured against the card during the previous statement period. The Plan Administrator forwards the statement to the Cardholder's College email address. This statement lists the purchases captured and the total expended by the Cardholder during the statement period. **DO NOT DISCARD THIS STATEMENT.** If you received a statement, it means that your card was used during the statement period. The College is responsible for payment, not you; you are responsible for reporting your purchases.

The following steps are required of each Cardholder for the reconciliation of each Purchasing Card statement:

- 9.1.** Match all Purchasing Card receipts with the transactions listed on your statement.
- 9.2.** Acknowledge the verification of all monthly transactions listed by signing the Monthly Statement at the bottom. Discrepancies must be identified and appropriate action taken to resolve the problem (see section 12 below: Process for Disputing a Charge).
- 9.3.** Retain any receipts that do not appear on the statement for reconciliation with a future monthly statement.
- 9.4.** Within five business days of receipt of your statement, forward the signed monthly statement and all associated detailed receipts or charge slips to your manager for review and approval.

Note: Managers forward their monthly statement to their immediate supervisor for approval.

Managers cannot authorize their supervisor's statements. This prohibition continues to apply even for Managers who have special signing privileges because of absences or vacations. Non-receipt of required paperwork may result in the cancellation of the Card.

- 9.5.** The Payment Services Department assumes that all transactions recorded by the bank are legitimate. Payment Service, in accordance with the Master Agreement between the College and Scotiabank, process payment without approval from Cardholders or managers. Responsibility rests with the Cardholder and manager to ensure all transactions are accurate, legitimate and charged to the correct budget accounts.

10. RECORD RETENTION, RECONCILIATION AND PAYMENT – BUDGET MANAGER'S RESPONSIBILITY

- 10.1.** The budget manager reviews and approves the monthly statements within five business days of receipt and forwards the approved statement AND all associated receipts and charge slips to the Plan Administrator for retention for future reference and audit purposes.
- 10.2.** The Cardholder and manager ensure all transactions are accurate, legitimate and charged to the correct budget accounts.

11. RECEIPTS AND CHARGE SLIPS

It is the Cardholder's responsibility to keep receipts and charge slips in a safe place in order to be able to reconcile their monthly statement.

11.1. Lost or misplaced receipts for small value purchases (small value purchases are generally defined as transactions equal to or under \$30.00) are handled in the following manner:

- Contact the vendor and request a duplicate.
- If the Cardholder cannot obtain a duplicate receipt from the vendor, the Cardholder is required to reimburse the College by providing and attaching a cheque to their monthly statement in the amount of the transaction, payable to Fanshawe College.
- There may be circumstances when the College will pay un-receipted purchases. Such payment may only be approved in consultation with the Cardholder's manager and the Plan Administrator.

11.2. Lost or misplaced receipts for normal value purchases (normal value purchases are generally defined as transactions over \$30.00) are handled in the following manner:

- Contact the vendor and request a duplicate.
- If the Cardholder cannot get a duplicate receipt from the vendor, the Cardholder may be able to get a duplicate by contacting Scotiabank Customer Service.
- If neither the vendor nor Scotiabank can provide a duplicate receipt, the Cardholder is required to reimburse the College by providing and attaching a cheque to their monthly statement in the amount of the transaction payable to Fanshawe College.
- There may be circumstances when the College will pay un-receipted purchases. Such payment may only be approved in consultation with the Cardholder's manager and the Plan Administrator.

12. PROCESS FOR DISPUTING A CHARGE

If a Cardholder does not agree with a charge posted on the Monthly Statement, the Cardholder may dispute the charge. Although the initial charge will be paid before the due date to avoid any interest penalty, a correction and subsequent credit should be requested.

The Cardholder takes the following steps to dispute a transactions:

12.1. Contact the supplier or vendor directly to try to resolve the error.

12.2. If the supplier or vendor agrees that an error has been made, a credit will be made to your account. Note any disputed items on the current monthly statement. Ensure that credit is received on the next monthly statement.

12.3. If the vendor does not agree that an error has been made, contact Scotiabank Customer Service using the 800 number on the back of your Purchasing Card. State that you dispute a charge on your card. Scotiabank addresses disputes within 90 days. The Plan Administrator is available to assist with unresolved issues.

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13. TRANSFERS and RELOCATIONS OF EMPLOYEES - BUDGET MANAGER'S RESPONSIBILITY

The following steps apply when an employee is transferred or relocated within the College:

- The manager notifies the Plan Administrator when an employee is transferred or relocated.
- The manager of the employee's new location advises the Plan Administrator whether a Purchasing Card is still required, and if so, the new location name, address, accounting code and any changes to the monthly credit limit or single transaction limit.
- The Plan Administrator notifies Scotiabank of these changes.

14. TEMPORARY CARDHOLDER ABSENCE - BUDGET MANAGER'S RESPONSIBILITY

The following steps apply if a Cardholder is on a leave of absence, short or long-term disability or otherwise temporarily away from their regular employment for an extended period:

- The appropriate manager retrieves and holds the employee's Card in a safe place.
- The manager advises the Plan Administrator of the leave.
- The manager returns the Card to the employee upon the employee's return to active duty and reports the return to the Plan Administrator.

15. EMPLOYEE RETIREMENT/TERMINATION – BUDGET MANAGER'S RESPONSIBILITY

The following are steps taken when an employee leaves the College:

- The appropriate manager collects the Card and forwards it to the Plan Administrator with a request for cancellation and the reason for the request.
- The Plan Administrator advises the bank to cancel the card.

16. LOST OR STOLEN CARD

The Cardholder is responsible for the custody, control and use of the Fanshawe College Scotiabank VISA card issued in the Cardholder's name. The Cardholder notifies the Scotiabank Customer Service and the Plan Administrator immediately of the loss or theft of a Card. The lost or stolen Card will be cancelled and a replacement Card will be issued within five business days.

Failure to report a lost or stolen Card promptly could result in the Cardholder being responsible for the first \$50.00 of fraudulent charges. Employees should treat the Card as they would their personal credit card.

17. OWNERSHIP OF CARDS

Purchasing Cards issued by the bank to Fanshawe College remain the property of Fanshawe College and may be cancelled or revoked at any time.

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18. AUDIT

The Cardholder may be asked periodically to produce the Purchasing Card for audit purposes.

All transactions, statements and monthly statements are subject to review and audit at any time by the Cardholder's manager, or by Purchasing and Payment Services, or by Financial Services, or by the College's internal or external auditors. Given the audit requirement, it is imperative that all receipts are attached to the monthly statement and forwarded to Payment Services.

Documents pertaining to transactions are retained for audit purposes for a period of seven years or such period as is set out in legislation.

19. EMPLOYEE ACKNOWLEDGEMENT

I acknowledge the receipt of the Fanshawe College Purchasing Card and that I have read the Purchasing Card policy and the Fanshawe College Cardholder Agreement and that I agree to abide by the policies and procedures contained therein.

Cardholder Name

Cardholder Signature

Date

Budget Manager Name

Department

Budget Manager Signature

Date

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Policy No. & Title: C107: PURCHASING CARDS

Addendum: **Form 2: PURCHASING CARD TRANSACTION LOG**

Issued by: Manager, Purchasing and Payment Services

Effective: 2015-05-27

	Transaction Date	Vendor Name	Brief Description of Product/Service including Purpose of Expense	Pre-Tax Total (\$)	HST	Account No.	(✓) Received	(✓) Receipt	(✓) Reconciled	(✓) Audited
1										
2										
3										
4										
5										
6										
Totals										

_____, 20____ From _____, 20____ To _____, 20____
Print Cardholder Name *Card Number*

_____, 20____
Cardholder Signature *Date*

_____, 20____
Print Manager Name *Manager Signature* *Date*