

Municipality of the District of Lunenburg POLICY

| | |
|-------------------------------------|---------------|
| Title: Credit Card Policy | |
| Policy No. MDL-46 | |
| Effective Date: June 8, 2010 | Amended Date: |

1. Purpose

The Credit Card Policy is to establish a more efficient, cost-effective method of purchasing and payment for store purchases; gas purchases; and, where appropriate, travel, meals, accommodation expenses, US dollar purchases and emergency purchases.

2. General

This Policy provides the guidelines for use of a Municipal Credit Card. It is recommended that employees read the Policy in its entirety prior to making a credit card request. The Policy also provides a variety of information about the process, types of purchases that may or may not be made, who will accept the Credit Card, records that must be maintained and reconciled monthly and other information related to the administration of the policy.

3. Obtaining a Credit Card

To obtain a credit card the following steps are required:

- 3.1 After you have read the Policy and understand the procedures outlined, complete a New Account Information Record (Credit Card Application Form – Appendix A).
- 3.2 Supervisor's must indicate approval by signing the Application Form. All signed requests will be given to the Purchasing Coordinator who will process the orders for the Credit Cards.
- 3.3 Upon delivery of the Credit Card, review and sign the Credit Cardholder Agreement (**Appendix "B"**) to accept your Credit Card. Supervisors must also sign the Agreement.
- 3.4 Upon receipt of the Credit Card, call the 1-800 number on the Credit Card to activate it, sign the back immediately, and keep it in a secure place.

Contact your Supervisor or the Finance Department if any questions arise about the use of the Credit Card or this policy. Credit Card usage may be audited and/or rescinded at any time.

4. Changing Credit Card Information

If a Credit Cardholder relocates to another Department; they must provide the Finance Department with new account information. This may include but not limited to the following:

- new location,
- address,
- phone number,
- fax number.

Keeping Credit Card records current will alleviate delays in the processing of Credit Card Statements.

5. Use of Credit Card

5.1 Only the person whose name is shown on the card is entitled to use the Credit Card.

5.2 This Policy is not intended to avoid or bypass appropriate purchasing or payment procedures. Rather, the Policy complements the existing processes available.

5.3 This Policy is not intended to replace the current travel policy contained in Policy MDL-51, Personnel Policy.

5.4 This Credit Card shall not be used for personal use.

5.5 Acquiring cash advances from this Credit Card is strictly prohibited.

5.6 This Policy is not intended to circumvent the Municipality's Purchasing Policy. Credit Card transactions which exceed the single transaction limit shall not be split or divided in order to obtain the purchase.

5.7 This Credit Card may be used at any vendor or supplier who accepts the Credit Card throughout Canada or any other country per the Policy on acceptable purchases such as:

- 5.7.1 Emergency situations, automotive repair for field personnel
- 5.7.2 Specific accounts may be established with the help of your Supervisor and Purchasing Coordinator to release goods and pay for goods using this Policy. These charges may be set up independently from your general usage Credit Card.
- 5.7.3 Travel, meals, and lodging
- 5.7.4 Store purchases
- 5.7.5 Gas Purchases

5.8 This Credit Card may NOT be used for:

- 5.8.1 Generally, any item exceeding \$1,000 in value or the amount approved for the individual Credit Cardholder (see Section 9.2).
- 5.8.2 Any goods or service normally considered to be inappropriate use of Municipal funds
- 5.8.3 Capital equipment
- 5.8.4 Stock items available through our on hand supplies or through approved ordering systems or policies

5.8.5 Items secured through blanket orders and negotiated contracts

6. Questions and Feedback

As with any process, it is difficult to anticipate every question or issue regarding the policy. A key element in how well this process works will be the user's feedback. Suggestions for improvement or change will be important. Please inform the Finance Department or Purchasing Coordinator of any suggestions for improvements and any problems that may occur.

7. Record Keeping

Record-keeping will be essential to ensure the success of this policy. This is not an unusual requirement as standard reimbursement policies require retention of receipts and as with any charge Credit Card, receipts must be retained for your protection.

8. Warnings

- 8.1 Card Holders are responsible for the security and transactions made with the Credit Card. Credit Cards are issued in the card holders name and it will be assumed that any purchases made with the Credit Card have been made by the person whose name is shown.
- 8.2 The Credit Card is the property of the Municipality of the District of Lunenburg and is only to be used for municipal purchases as defined in this policy.
- 8.3 A Credit Card used not in compliance with the guidelines established for this Policy will result in severe consequences, up to and including termination of employment.

9. Restrictions

9.1 Raising of Credit Limit

Each Credit Card has been assigned an individual credit limit. The limit is based on previous purchasing activity as approved by your Supervisor. If over time the limit is too low to accommodate monthly requirements, contact your Supervisor, in writing, to have the limit re-evaluated. If your Supervisor agrees, the Supervisor will sign the request as approved and forward to the Finance Department. The Finance Department will ensure that the appropriate changes are performed. The Credit Card Bank will not change credit limits – it must be done by contacting the Finance Department.

9.2 Exceeding the Limits

9.2.1 Regular Credit Cards - In addition, except for emergency situations, no single transaction shall exceed \$1,000 in value with a maximum of \$5,000 monthly or the amount approved for the Credit Cardholder. Any transaction which exceeds the limit must be processed through regular purchasing processes.

9.2.2 Purchasing Coordinator Credit Card – single transaction limit is \$5,000 except for emergency situations, with a maximum monthly amount of \$20,000.

9.2.3 The Treasurer is authorized to approve at his/her discretion single and monthly maximum transaction values that are outside the established values.

9.3 Credit Card Not Accepted

Vendors currently utilized as a source for products or services will likely accept your Credit Card. If your card is declined and you feel the decline should not have occurred, contact the Finance Department as they will determine if you were declined because of merchant blockage or having exceeded the monthly credit limit or single transaction dollar limit imposed on your Credit Card.

10. Reconciliation and Payment

10.1 Payment of Statements

The Credit Card Policy carried corporate, not individual liability. Invoices will be paid by Accounts Payable. Employees will not be required to pay monthly statements. This Policy does not impact personal credit ratings.

10.2 Record Keeping

It is required that all receipts for goods and services purchased be retained as it is the only original documentation specifying whether or not tax has been paid against the purchase.

If purchases are via phone or mail, request the vendor to include the receipt with the goods when the product is shipped.

10.3 Code appropriate GL account numbers on each receipt.

10.4 Non-Gas Credit Cards - Processing Statements for Payment

10.4.1 Statement date is the first week of each month. You should receive your statement in the second week of each month. If you do not receive it by this date, contact Accounts Payable. When employees receive their statement they shall follow the following procedures.

10.4.1.1 Check all slips collected over the month against the statement to ensure they match.

10.4.1.2 All slips must be attached to the statement. All statements shall have the actual detailed receipts attached showing the breakdown of items and applicable taxes paid.

- 10.4.1.3 Statements must be approved by card holder and supervisor (ensure your names are printed beside signatures). The CAO will approve Department Heads expenses.
- 10.4.1.4 Once a statement has been approved, it is to be forwarded to Accounts Payable for processing.
- 10.4.1.5 Statement must be received by Accounts Payable no later than the 20th of each month to be included in the end of the month GL posting.
- 10.4.1.6 Failure to forward approved statements by the deadline will not allow postings to the GL. Therefore, failure to forward two statements in a row will cause the temporary deactivation of the card until all statements have been brought up to date. Upon which the Supervisor may then apply for reactivation of the card.
- 10.4.1.7 Statements received, but have either receipts missing or improper signatures, the cardholder and their supervisor will be notified for the first two instances. On the 3rd instance, the card will be deactivated without notice.
- 10.4.1.8 If the Credit Cardholder fails to reconcile their statement within 30 days of the statement date, the Finance Department may terminate Credit Card privileges.
- 10.4.1.9 All receipts will be maintained/stored by the Finance Department for audit purposes.

10.5 Gas Credit Cards - Processing Statements for Payment

- 10.5.1 Forward all of receipts to Accounts Payable. They will be matched to statements and then sent to Supervisors for approval. Odometer readings shall be marked on the receipt. If you are using a rental vehicle, please indicate this rather than the odometer reading.

11. If Records Don't Agree with Statements

There may be occasions where items on a statement do not correlate with retained receipts, or you may not have made the transaction or the amount of the transaction is incorrect. The following is the steps required to correct errors:

- 11.1 Contact the vendor
- 11.2 If the vendor agrees that an error has been made, a credit will be made to your account
- 11.3 If the vendor does not agree that an error has been made, contact the Assistant Treasurer stating that you would like to dispute a charge on your Credit Card,

giving all the pertinent details. The Assistant Treasurer will investigate with the Credit Card Bank and advise on the status of the dispute.

- 11.4 Any charge that is disputed must be identified within 30 days of the statement date. Disputes will then be resolved by the Credit Card Bank within 90 days.
- 11.5 Highlight the transaction in question on the statement as a reminder that the item is still pending resolution.
- 11.6 Cardholders are responsible for reviewing the transactions identified on their statement. You must be able to produce receipts and/or proof that the transaction occurred. If an error is discovered, cardholders are responsible to show that the error or dispute resolution process has been invoked.

12. Lost or Stolen Credit Cards

Credit Cards are the property of the Municipality of the District of Lunenburg and shall be kept secure. If your Credit Card is lost or has been stolen, or if the number becomes the knowledge of someone else, notify the Credit Card Bank Customer Service immediately.

Once a credit card has been reported lost or stolen, the Credit Card will be deactivated. Prompt action in these circumstances can reduce the Municipality's liability for fraudulent charges.

- 12.1 Contact the Finance Department to get current Bank Customer Service Numbers for both non-gas credit cards and gas credit cards.

| Clerk's Annotation for Official Policy Book | |
|---|------------------------------------|
| Date of Notice to Council Members of Intent to consider | <u>May 6, 2010</u> |
| Date of Adoption | <u>June 8, 2010</u> |
| Date of Notice to Council Members of Intent to Consider Amendments | _____ |
| Date of Passage of Amendments: | _____ |
| I certify that this "Credit Credit Card Policy – MDL-46" was adopted by Council as indicated above. | |
| <u><i>Annalynne Holmes</i></u> Municipal Clerk | <u><i>June 8, 2010</i></u> Date |

Appendix "A"

**Municipality of the District of Lunenburg
Employee Credit Card Application**

Employee Name: _____

Mailing Address: _____

Home Phone Number: _____ Work Phone Number: _____

Employee Number: _____

Single Transaction Limit: _____ Monthly Limit: _____

Employee Signature: _____ Date: _____

Supervisor's Signature: _____ Date: _____

Appendix "B"
Municipality of the District of Lunenburg
Card Holders Acknowledgement and Agreement

This Municipality of the District of Lunenburg (MODL) _____ Credit Card represents MODL's trust in you. You are empowered as a responsible agent to safeguard MODL assets. Your signature below is verification that you have read the Credit Card Policy and agree to comply with it as well as the following responsibilities. It also acknowledges that you have received a MODL Credit Card Number _____ Expiry Date _____

1. I understand the Credit Card is for company-approved purchases only, and I agree not to charge personal purchases. Improper use of this Credit Card is considered misappropriation of Municipal funds. This may result in disciplinary action, up to and including termination of employment.
2. If the Credit Card is lost or stolen, I will immediately notify _____ by telephone at _____. I will confirm the telephone call by email or facsimile with a copy of the notification to the Municipal Treasurer.
3. I agree to surrender the Credit Card immediately upon termination of employment, whether for retirement, voluntary or involuntary reasons.
4. The Credit Card is issued in my name. I will not allow any other person to use the Credit Card. I am considered responsible for any and all charges against the Credit Card.
5. I understand that in the event of willful or negligent default of these obligations, MODL shall take recovery action deemed appropriate as permitted by law.
6. All charges will be billed directly to and paid directly by the Municipality. The _____ cannot accept any monies from me directly, therefore any personal charges billed to the Company could be considered misappropriation of Municipal funds.
7. As the Credit Card is Municipal property, I understand that I may be periodically required to comply with internal control procedures designed to protect company assets. This may include being asked to produce the Credit Card to validate its existence.
8. I understand the Credit Card has been issued to me as an employee of MODL. I will under no circumstances be personally liable to the Credit Card for any obligations arising from use of the Credit Card except in the event of misappropriate use of funds.
9. I will receive a Monthly Reconciliation Statement, which will report all activity during the statement period. Since I am responsible for all charges (but not for payment) on the Credit Card, I will resolve any discrepancies by either contacting the vendor or the Assistant Treasurer.
10. It is my responsibility to provide the Finance Department with the proper GL account breakdown for all transactions processed against the Credit Card.
11. I understand the Credit Card is not necessarily provided to all employees. Assignment is based on my need to purchase materials for MODL. My Credit Card may be revoked based on change of assignment or location. I understand that the Credit Card is not an entitlement nor reflective of title or position.
12. I acknowledge I must follow the Policies and Procedures related to the use of the Credit Card.

Employee Signature

Supervisory Signature

Date