

Finance – Corporate Credit Card Policy

The use of Corporate Credit Cards is effective for the payment of expenses while travelling on Town business, making reservations, purchases from vendors with whom credit is unavailable, and for online purchasing of goods and services.

Online purchases and reservations are an increasingly available, efficient, and economical with credit cards often being the required method of payment.

Objective

This policy is designed to ensure that organizational transactions are carried out as efficiently as possible while minimizing the risk of abuse or fraud involving unauthorized or inappropriate use of Corporate Credit Cards.

Corporate Credit Cards should not be used with suppliers where the Town is able to secure credit terms (invoicing) or has a pre-existing account. Invoices should always be requested when communicating with new suppliers as the preferred method of transaction.

Procedure

Card Issuance

1. A Corporate Credit Card may be issued to a member of Council or an employee where it is deemed practical and beneficial to the municipality in terms of productivity, convenience, and economy. The approved Corporate Credit Card List shall be held by the Treasurer.
2. Approvers who would like to receive a Corporate Credit Card for themselves or an employee should send an email request to the Treasurer outlining the reasons for requiring the card, the suggested spending limit, and acknowledgment that they have read and understood this policy.
3. New cards will be only issued with the approval of the Treasurer. This does not include cards issued to individuals where the previous position holder had a credit card.
4. Each Corporate Credit Card will be issued to a specific person, who will remain personally accountable for the use of the card. Cardholders will immediately sign the back of the card and the attached declaration (Appendix A).

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5. No more than one card shall be issued per cardholder. Credit limits as appropriate shall be set for each card by the Treasurer.

Cardholder's Responsibilities

The Cardholder shall:

1. In all cases obtain sufficient supporting documentation to validate the expense. Detailed receipts including the date, amount, HST, vendor name, and a description of the product or service are required. Credit card authorization slips are not sufficient.
2. Obtain prior approval for transactions greater than \$500 for the Approver.
3. Attach the receipts to the monthly credit statement from the bank.
4. Review the monthly statement for inaccuracies (and report these to Accounts Payable).
5. Verify that the goods and services listed were received.
6. Sign and code the appropriate General Ledger accounts on the monthly statement to verify that transactions have been made for official purposes.
7. Forward the signed monthly statement to the Approver for review and signoff.
Approvers are as follows:
 - a. Employees to your direct supervisor or Manager
 - b. Council members to the Chief Administrative Officer and the Finance Portfolio Chair
 - c. Chief Administrative Officer to the Mayor and Finance Portfolio Chair
8. Notify the Deputy Treasurer immediately if
 - a. The card is lost or stolen.
 - b. Any unauthorized transaction is detected or suspected.
9. Notify Accounts Payable of any change in name or contact details.
10. Take adequate measures to ensure the security of the card and immediately report any suspected security breaches to the Deputy Treasurer.
11. Return the card to the Treasurer if:

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- the cardholder resigns
- the Treasurer or Chief Administrative Officer determines that there is no longer a need for the cardholder to retain his or her card
- the corporate credit card has been cancelled by the bank
- It has been determined that a breach of this policy has taken place and the decision to rescind the use of a corporate credit card has been made

The Cardholder shall not:

1. Exceed the monthly spending limit of the credit card without authorization from the Treasurer to do so. If an emergency arises where the health and safety of a staff person or member of the public is at risk, the requirement to seek authorization to exceed the spending limit of the credit card from the Treasurer will be waived, provided a member of senior management was made aware of the situation prior to the purchase being made.
2. Obtain cash advances through their Corporate Credit Card.
3. Use the card for any prohibited purchases [see Appendix B]. In the case where a prohibited purchase is made on a credit card the individual will be responsible for reimbursing the Town within 30 calendar days. This also applies to travel and expense that are paid for by credit card but are disallowed by the travel and expense policy. [See Travel and Expense policy for further details]
4. Authorize their own expenditures.
5. Claim double allowances (i.e. request reimbursement for an expense already paid by the card).

Approvers Responsibilities

1. Forward any requests for the issuance of a Corporate Credit Card to the Treasurer for approval.
2. Upon receiving the card, ensure that the individual has reviewed this policy and has signed the Issuance Form (Appendix A).
3. Review all monthly statements for completeness, accuracy, appropriateness of the expenditures and that all original receipts are attached and coded. Return any incomplete or inaccurate statements to the individual for corrections. Review the appropriate General Ledger codes to each expenditure.

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4. Forward all correct and complete statements to Accounts Payable. Report any expenses of a dubious nature to the Treasurer or Chief Administrative Officer.

Chief Administrative Officer’s Responsibilities

1. Review any breaches in policy and determine the appropriate disciplinary action.
2. Forward their statement of monthly expenses and receipts to Accounts Payable for review and processing with a copy to the Mayor for approval.
3. Interpret this policy and arbitrate any disagreements between individuals and the Town.

Fees and Expenditures

1. The Card will only be used for those activities that are a direct consequence of the cardholders’ function within the organization.
2. Credit card annual fees are to be charged to the cardholder’s department.
3. Where coincident and/or private expenditure occurs on the same transaction (where, for example, a person incurs an expense for movies during a hotel stay) the cardholder must settle the private expense prior to charging the balance on the corporate credit card.
4. Where doubt exists as to whether or not an item is function-related, prior authorization should be obtained from the Treasurer, Chief Administrative Officer.
5. The use of the corporate card for “services of a dubious nature” is expressly prohibited. “Services of a dubious nature” are defined as any goods or services that might bring the name of the Town into disrepute.

Credit Limits

Monthly spending limits for Corporate Credit Cards must balance internal control needs with efficient procurement, and practicality. Spending limits must be strictly adhered to in order to avoid additional fees and charges involved with overspending.



Policy Type:
Policy #:
Approved by Council on:

Finance
FN-100-02
October 28, 2019

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Corporate Credit Card Monthly Credit Limit:

\$3,000 - \$5,000 as determined by the Treasurer

Breach of Policy & Misconduct

Wherever a breach in this policy occurs, the Chief Administrative Officer must assess the nature of the breach and if significant report the breach to the police for criminal investigation or if lesser in nature, institute an appropriate disciplinary process:

- in the first instance, a written warning to be included in the individual's file.
- in the second instance, confiscation of the card and further disciplinary action to be determined by the Chief Administrative Officer.

Related Policies

Travel and Expenses Reimbursement Policy

Associated Documents

Appendix A - Credit Card Issuance Form
Appendix B – Credit Card Use Guidelines



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APPENDIX A

CREDIT CARD ISSUANCE FORM

Organization Name Town of Prescott

Cardholder Name

Position

I understand and agree that the Corporate Credit Card is issued to me on the express understanding that I will, at all times, comply with the following conditions and abide by the Town’s policy for its use.

USE

1. The Corporate Credit Card ('the Card') is the property of the Town of Prescott and is in my possession and under my strict control.
2. I will only use the Card for official, approved purposes and while on Town business.
3. I will immediately report any unauthorized use of the Card to the Deputy Treasurer.
4. I will not use the Card to pay for expenses that have already been claimed (or will be claimed) by any form of allowance.

MONTHLY RECONCILIATION

5. I will be issued with a monthly statement by and my responsibilities include the following:
 - Ensure that all transactions that appear on the monthly statement are verified by me.
 - Ensure that sufficient supporting documentation is attached to the monthly statement when it is submitted for approval.
 - Certify that goods or services paid for using the Card have been actually delivered or provided.



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- Sign and provide general ledger coding on the monthly statement to indicate that the transactions appearing on the statement have been made only for official purposes.

CHANGE IN CARDHOLDER DETAILS

6. I will immediately advise Accounts Payable of any change in my name or contact details.

UPON RESIGNATION OR TRANSFER

7. I will immediately return my Card to the Treasurer if I resign or retire, or if my services to the organization are otherwise terminated, or if I am instructed to do so by the Chief Administrative Officer.

LOST OR STOLEN CARDS

8. I will immediately report the loss or theft of my Card to the Deputy Treasurer.

DECLARATION

9. I confirm that I have access to only one Corporate Credit Card.
10. I acknowledge that I have been briefed on all aspects of the operation and use of the Credit Card.

Cardholder Signature

Signature of Authorized Card Issuer

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APPENDIX B

Credit Card Use Guidelines

Guiding Principle

Credit cards are provided to facilitate the administration of certain purchases related directly to Town operations. The existing policy relating to travel reimbursement will remain in force. The use of credit cards shall not conflict with the controls inherent in this policy.

Council members or staff should consult with their Approver, the Treasurer, or the Chief Administrative Officer if they have any questions regarding an expenditure and its appropriateness or issues regarding credit card security.

Examples of Appropriate Purchases

- Accommodations while traveling on Town business
- Meals while on Town business
- Registrations and reservations
- Memberships
- Subscriptions
- Training
- Books and Reference Materials
- US purchases
- Items that are directly related to the functional areas of the municipality that you are responsible for where a previous account or credit has not been established by the Town.
- Online purchases of goods and services
- Purchases through suppliers where other payment options are not available or a one-time purchase

Examples of Inappropriate Expenditures

- Personal Expenses
- Purchase of personal entertainment while traveling on Town business
- Items that are to be placed into inventory
- Items that are currently under contract with a Town Vendor
- Purchases of a dubious nature (see Fees and Expenditure section for definition)
- Cash Advances