

# CityHousing Hamilton Corporation



CATEGORY	03	Procurement	DATE APPROVED: May 29, 2000
SECTION	01		Authorization Limits
POLICY	03	Procurement Cards, Supplier Cards, and House Accounts	INTERNAL POLICY

## 1.0 POLICY STATEMENT AND PURPOSE

The purpose of the Procurement Cards, Supplier Cards, and House Accounts Policy is to define acceptable use of related to the authorization, use, requirements, and responsibilities of procurement cards, supplier cards, and house accounts.

## 2.0 SCOPE

This Policy applies to all CityHousing Hamilton staff that are authorized to use CityHousing Hamilton procurement and supplier cards, and house accounts.

## 3.0 POLICY

The CityHousing Hamilton (CHH) Procurement Card, Supplier Card, and House Account Policy is intended to aid in the purchasing of low-value goods and services for CHH and its associated properties. Procurement cards, supplier cards, and house accounts are payment tool that:

- Simplifies the purchasing process;
- Cost effective by reducing transaction costs;
- Eliminates paper-based purchase orders;
- Facilitates timely acquisition of materials and supplies.

### Authorization & Permissions

Procurement and/or supplier cards are assigned to an employee. House accounts have designated employees that are authorized to purchase on a specific account. Prior to applying and issuing a procurement and/or supplier card or authorizing use to a house account, the employee must have submitted a completed and clean vulnerable sector check as per hiring

guidelines, issued by a Canadian Law Enforcement Agency in Ontario, such as Hamilton Police Services.

For procurement and supplier cards, the employee is responsible to sign the card, and store it safely and securely. It is prohibited to transfer, assign, or be used by anyone other than the designated employee. Specific controls are placed on each procurement and supplier card as well as house accounts, as defined by the Chief Executive Officer, which can include dollar and transaction volume limitations, and blocking specific vendor categories such as, eating/drinking/hotels.

- Extenuating circumstances may warrant the use of a procurement and/or supplier card by someone that is not authorized to the card and/or account. In such circumstances, the employee must obtain the written approval of both the Chief Executive Officer and the Chief Financial Officer before any purchases are made.

Under no circumstances will the card and/or house account be used to circumvent the CHH procurement policies and restrictions. Card holders and authorized house account users are prohibited from using the procurement and/or supplier card, and/or house account for personal use or cash advances. Employees who breach this Policy, including fraudulent and/or misuse of the card and/or house account, may be subject to discipline, which could revoke the card and/or house account privileges, a sanction, and/or dismissal.

The procurement and/or supplier card and/or house account cannot be used as a payment method for goods or services when a contract or tender is in effect for the product, unless authorized as per CityHousing Hamilton Procurement Policies. Staff must confirm if there is a contract or tender, or whether or not a product or service is available, before making the purchase of a product or service. Examples of such purchases may include but are not limited to: cellular telephones, information technology purchases, and printers.

#### Spending Limits & Transaction Dollar Limits/Monthly Spending Limits

Each procurement and/or supplier card and/or house account is assigned a single transaction dollar limit or a monthly spending limit. The transaction dollar limits and the monthly spending

limits are determined by the card holder's manager and based on departmental needs. Every card holder and/or house account user must have on file with CHH an approved *CHH Notification of Signing Authority* form and *CHH Procurement Card, Supplier Card, and House Account Responsibilities Agreement* form.

As per CHH Procurement Policies, there is a monthly limit on all CHH accounts. The spending limit per transaction is based on the CHH Policy *03-01-01 Authorization Limits for Procurement*. Spending limits are to be followed, as per the *CHH Notification of Signing Authority* form, but also dictated by how the account is set up with the vendor.

#### Terms and Conditions

The terms and conditions are outlined in this Policy, all CHH Procurement Policies, and on the *CHH Notification of Signing Authority* form and the *CHH Procurement Card, Supplier Card, and House Account Responsibilities Agreement* form, which are available from the CHH Finance Department.

#### Receipts and Documentation

Each employee who holds a procurement and/or supplier card or is authorized on a house account is responsible for providing the appropriate documentation for their purchases to the CHH Finance Department. The required documentation includes:

- Work orders (if applicable);
- Approval e-mails from a manager and/or designate for purchases that exceed the authorization limit (if applicable);
- Purchase requisition;
- Receipts and/or invoice (must be labelled "*Invoice*");
- Credit card transaction slips;
- Monthly account statement (*For Procurement Card holders only*);
- *Procurement Card, Supplier Card, and House Account Log* form.

All applicable documentation must be submitted within 30 days, from the date of purchase. If a receipt or invoice has not yet been received and the *Procurement Card, Supplier Card, and House Account Log* form is due, the employee is to submit it at the next submission deadline.

- If documentation cannot be submitted within 30 days from the date of purchase, the employee must advise the manager and/or designate.

This documentation forms part of the accounts payable records and must be maintained and saved for reconciliation and auditing.

In the event of a vacation or absence, the employee must notify the manager and/or designate to arrange how the documentation will be submitted.

#### Exceeding Authorization Limits

The spending limit per transaction is based on the CHH Policy *03-01-01 Authorization Limits for Procurement*. However, in some circumstances employees may exceed their authorized spending limits. Employees must receive written approval via e-mail from a manager and/or designate should they exceed their authorized spending limits, and submit this with the *Procurement Card, Supplier Card, and House Account Log* form.

Each card holder and/or authorized house account user is required to:

- Ensure that all transactions listed on the monthly statement are accurate. The account statement includes detailed information regarding purchases made and credits received during the monthly cycle for all card holders and accounts.
- Ensure purchases are within budget guidelines;
- Ensure disputed charges and reconciliation problems are reported to the CHH Finance Department immediately;
- Ensure that unresolved disputes are referred to the CHH Finance Department.

#### ***Procurement Cards***

- Procurement Card monthly account statements are issued to the card holder directly – this is a statement and not a bill of purchase. It will include a listing of purchases made and credits received during the monthly billing cycle.

- Procurement card holders must reconcile their purchases to the account statement **monthly**. The employee is to submit the completed *Procurement Card, Supplier Card, and House Account Log* form, attaching all the relevant documentation, to the manager and/or designate for approval. The manager and/or designate will review the submitted documentation, and approve and submit to the CHH Finance Department, and they will process the documentation in order to make a payment on the account.

### ***Supplier Cards***

- Supplier Card monthly account statements are issued to the CHH Finance Department directly. This is a statement and not a bill of purchase. It will include a listing of purchases made and credits received during the monthly billing cycle.
- Supplier card holders must reconcile their purchases **bi-weekly**. The employee is to submit the completed *Procurement Card, Supplier Card, and House Account Log* form, attaching all the relevant documentation, to the manager and/or designate for approval. The manager and/or designate will review the submitted documentation, and approve and submit to the CHH Finance Department, and they will process the documentation in order to make a payment on the account.

### ***House Accounts***

- House account monthly account statements are issued to the CHH Finance Department directly. This is a statement and not a bill of purchase. It will include a listing of purchases made and credits received during the monthly billing cycle.
- House account users must reconcile their purchases **monthly**. The employee is to submit the completed *Procurement Card, Supplier Card, and House Account Log* form, attaching all the relevant documentation, to the manager and/or designate for approval. The manager and/or designate will review the submitted documentation, and approve and submit to the CHH Finance Department, and they will process the documentation in order to make a payment on the account.

All statements and credit card transaction slips must be provided to the Finance Department and filed according to the designated retention periods in accordance with the CityHousing Hamilton Policy *01-04-01 Records Management*. They are part of the accounts payable records and will be required for reconciliation of credits, audit reviews, or to resolve billing discrepancies.

#### 4.0 PROCEDURE

The procedure of this Policy will provide clear guidelines that will assist in consistent standards, to ensure financial accountability, and maintain the integrity of CityHousing Hamilton as a whole.

#### 4.1 ELIGIBILITY AND TERMINATION

##### Eligibility

CityHousing Hamilton (CHH) will determine eligibility for a procurement and/or supplier card, and/or use of a house account.

##### Application

To obtain a CHH issued procurement and/or supplier Card, or access to a house account, the employee is required to submit a completed and clear Vulnerable Sector Check, as per hiring guidelines, issued by a Law Enforcement Agency in Ontario, such as Hamilton Police Services.

For a procurement and/or supplier Card, the manager and/or designate must request an application form for the procurement and/or supplier card, which is available from the CHH Finance Department. The employee must complete the application, which must have the signature and date of signing of both the employee and the manager and/or designate, to authorize issuance of the card.

Once the application form is completed and authorized, form and the employee's Vulnerable Sector Check should be forwarded to the CHH Finance Department for processing.

When the CHH Finance Department receives a notification that the employee has been approved for the house account, or a procurement and/or supplier card has been received, the Finance Department will contact the employee to set a meeting to review the necessary documentation.

A member of the CHH Finance Department team will meet with the employee to review and sign the following with the employee:

- *CHH Procurement Card, Supplier Card, and House Account Responsibilities Agreement* form;
- *CHH Notification of Signing Authority* form.
- Signing of the back of the procurement and/or supplier card (if applicable).

The *CHH Notification of Signing Authority* form will be sent from the Finance Department to the Chief Executive Officer to be signed. Once it is signed, it is then sent to the CHH Finance Department for processing.

#### Procurement Card Renewal

Each procurement card has an expiry date. Supplier cards and house accounts do not have expiry dates.

Procurement card holders will be issued a new card automatically prior to the expiration date.

The employee's manager and/or designate must:

- Collect the expired procurement card from the card holder;
- Forward the expired card to the CHH Finance Department to be destroyed.

#### Employee Absence, Transfer or Termination

Card holders that are on leave, terminated, seconded, or transferred to another position or department are no longer eligible to use the procurement and/or supplier Card(s), and/or house account(s). Card holders must return their card to their manager and/or designate prior to leaving CHH.

When a manager and/or designate is notified that an employee will be leaving the organization, the manager and/or designate must:

- For procurement cards, notify the CHH Finance Department in writing to cancel the card and close the account. The manager and/or designate will advise whether this is effective immediately or by an effective date. The manager and/or designate must collect the procurement card from the employee and forward it to the CHH Finance Department to be destroyed.
- For supplier cards, notify the CHH Finance Department in writing to make the employee inactive on the account. The manager and/or designate will advise whether this is effective immediately or by an effective date. For supplier cards, the manager and/or designate must collect the supplier card from the employee and forward it to the CHH Finance Department to be destroyed.
- For house accounts, notify the CHH Finance Department in writing to make the employee inactive on the account. The manager and/or designate will advise whether this is effective immediately or by an effective date.

When an employee returns to a position that requires a procurement and/or supplier card or use of a house account, they must reapply for the card and/or access to the account.

If an employee has a procurement and/or supplier card and/or use of a house account but has transferred to a new position that requires the use of a procurement and/or supplier card and/or house account, the employee may request to continue using the same card(s) and/or house account(s) in the new position. The employee must obtain written approval from the Chief Executive Officer and the Chief Financial Officer to warrant such use.

### Temporary Employees

Employees in temporary positions are not eligible for a procurement and/or supplier card, or access to a house account. Only in exceptional circumstances will employees in a temporary position be eligible to apply for a procurement and/or supplier card, or access to a house account. This must be reviewed and authorized by the CHH Chief Executive Officer on a case-by-case basis.

## 4.2 ACCOUNT CHANGES

### Account Changes



To initiate a name or account change, the card holder or user must:

- Notify their manager and/or designate of any changes to their name or telephone number;
- For procurement and supplier cards, complete a new card holder application, which is available from the CHH Finance Department. For house accounts, the manager and/or designate will advise the CHH Finance Department of the change;
- For procurement and supplier cards the CHH Finance Department shall forward the authorized changes to the credit card company for processing and confirmation. For house accounts, the CHH Finance Department will advise the company of the changes for processing and confirmation.

In cases of termination, it is the responsibility of the manager and/or designate to advise the CHH Finance Department in writing to cancel the card, immediately or by an effective date.

#### Lost or Stolen Procurement or Supplier Cards

The card holder must immediately contact the credit card company and or company– located on the back of the credit card and also listed on the monthly account statement. The card holder must also notify their immediate supervisor and the CHH Finance Department as soon as possible in writing.

The card holder's account will immediately be closed, and a replacement card will be issued, where applicable.

### 4.3 USAGE

#### Usage

For procurement and supplier cards, the card holder may use the card as soon as it is received. For house accounts, employees may begin to use the account once they have received confirmation from the CHH Finance Department that they may do so. The procurement and/or supplier card is issued to CityHousing Hamilton and to the authorized employee. It must be signed (back of the card) to prevent unauthorized use.

The procurement card may be used at any supplier that accepts this credit card for payment of purchases, as per the CHH Procurement Policies, which includes goods or services. A supplier

card may only be used with that specific supplier or company. A house account can only be used with that specific supplier or company.

- Procurement cards are only to be used as a last resort, if there is no supplier card or house accounts with the supplier and/or company.

The card holder and or house account user may initiate a purchase in person, via telephone, fax, or digitally and:

- Requesting an item or service and confirming the price;
- Providing the supplier with delivery or service instructions and address (if applicable);

The charge will be declined if the purchase is over the card or account limit.

#### Monthly Spending Limit Increases

A procurement card or house account spending limit increase can only be done with Board of Director's approval.

If a spending limit increase on a supplier card is needed, the card holder's manager and/or designate must:

- Review the spending limit adjustment request with the CHH Finance Department;
- Ensure the adjustment **does not exceed current delegated spending authority**;
- Forward the authorized changes to the CHH Finance Department for processing.

*The card holder must NOT contact the credit card company directly with any spending limit adjustment requests.*

#### Credit Card Misuse

Unauthorized use of the procurement and/or supplier card or house account is considered misappropriation of funds. This could result in immediate and irrevocable forfeiture of the procurement and/or supplier card and/or access to house account, and/or disciplinary action which may result in termination of employment.

#### 4.4 DOCUMENTATION AND RECONCILIATION

##### Receipts and Documentation

All purchases made using the procurement and/or supplier card and/or house account must be supported by a purchase requisition or proof of purchase. This documentation forms part of the accounts payable records and must be maintained and saved for reconciliation and auditing. Each employee who holds a procurement and/or supplier card or is authorized to use a house account is responsible for providing the appropriate documentation for their purchases.

In most circumstances, a store receipt, and/or credit card transaction slip, and/or invoice are provided to the card holder at the point of sale. For telephone, mail, fax, or digital purchases, employees should request the supplier to:

- Clearly mark packages as “*Procurement or Supplier Card*” transactions;
- Label packages with the card holder’s name and shipping address;
- Include transaction details with the goods (i.e. purchase price, item descriptions, etc);
- Include a packing slip to inventory items purchased (if applicable);
- Mark the sales receipt as “*Paid in Full*”.

The following information must be record on either the transaction and/or invoice:

- Supplier or company name;
- Description of the item;
- Total purchase amount, including Harmonized Sales Tax and shipping or installation charges (if applicable);
- The address of the property for which the purchase was made.

*The procurement and/or supplier card and/or house account number must not appear on the packaging slip. The card holder or authorized user must sign the packing slip or sales receipt to confirm receipt of goods. Only in extenuating circumstances may the card holder authorize a designate to sign a packing slip or sales receipt to confirm receipt of goods.*

##### Exceeding Authorization Limits

The spending limit per transaction is based on the CHH Policy *03-01-01 Authorization Limits for Procurement*. However, in some circumstances employees may exceed their authorized spending limits. In such circumstances, employees must speak with the manager and/or designate to explain a rationale as to why the spending limit needs to be exceeded. The manager and/or designate, based on the rationale provided, will assess as to whether they approve or deny the purchase that would exceed the authorized spending limit.

- If the manager and/or designate does not approve the purchase, the employee will be advised verbally and/or in writing that they are not approved to make the purchase. The employee will terminate the purchase.
- If the manager and/or designate approves the purchase, an e-mail will be sent by the manager and/or designate to the employee referencing the conversation that took place and confirming the purchase has been approved.
  - The employee is required to print this e-mail and attach it to the *Procurement Card, Supplier Card, and House Account Log* form as per the submission guidelines.

### Reconciliation Procedures

Each employee who holds a procurement and/or supplier card or is an authorized user of a house account is responsible for reconciling their transactions and providing the appropriate documentation to the CHH Finance Department.

The *Procurement Card, Supplier Card, and House Account Log* form cannot be submitted unless all attached applicable documentation is provided.

- Documentation must be submitted within 30 days, from the date of purchase. If a receipt or invoice has not yet been received and the *Procurement Card, Supplier Card, and House Account Log* form is due, the employee is to submit it at the next submission deadline.
- If documentation cannot be submitted within 30 days from the date of purchase, the employee must advise the manager and/or designate in writing to verify the rationale. The

manager and/or designate will be responsible to advise the CHH Finance Department of the late submission.

Each card holder must also adhere to specific reconciliation guidelines, as dictated by the purchasing card method.

### ***Procurement Cards***

- Procurement Card holders must reconcile their purchases to the account statement **monthly**, by completing the *Procurement Card, Supplier Card, and House Account Log* form within seven (7) business days of receiving the monthly account statement. By the eighth (8) business day, the employee is to submit the completed *Procurement Card, Supplier Card, and House Account Log* form, attaching all the relevant documentation, to the manager and/or designate.
- The manager and/or designate will review the submitted documentation and approve and submit to the CHH Finance Department within four (4) business days.
- The CHH Finance Department will process the documentation in order to make a payment on the account.
- If there are questions related to purchases that are not consistent with the charges on the monthly account statement, and/or the *Procurement Card, Supplier Card, and House Account Log* form, the CHH Finance Department will follow-up with the supervisor directly.

### ***Supplier Cards***

- Supplier Card holders must reconcile their purchases on a **bi-weekly**, as per the *Supplier Card and House Account Submission Schedule*. The employee will complete the *Procurement Card, Supplier Card, and House Account Log* form, attaching all the relevant documentation, and submitting to the manager and/or designate by 5:00 pm on the Friday, as per the *Supplier Card and House Account Submission Schedule*.

- The manager and/or designate will review the submitted documentation and approve and submit to the CHH Finance Department by the following Wednesday, as per the *Supplier Card and House Account Submission Schedule*.
- The CHH Finance Department will process the documentation in order to make a payment on the account on the Thursday, as per the *Supplier Card and House Account Submission Schedule*.
- If there are questions related to purchases that are not consistent with the charges on the supplier account statement, and/or the *Procurement Card, Supplier Card, and House Account Log* form, the CHH Finance Department will follow-up with the supervisor directly.

### **House Accounts**

- House account users must reconcile their purchases **monthly**. The employee is to complete the *Procurement Card, Supplier Card, and House Account Log* form, attaching all the relevant documentation and submitting it to the manager and/or designate by the eighth (8) day of the following calendar month.
- The manager and/or designate will review the submitted documentation and approve and submit to the CHH Finance Department within four (4) business days.
- The CHH Finance Department will process the documentation in order to make a payment on the account.
- If there are questions related to purchases that are not consistent with the charges on the monthly account statement, and/or the *Procurement Card, Supplier Card, and House Account Log* form, the CHH Finance Department will follow-up with the supervisor directly.

### **Exceptions\*\*\***

- The Chief Executive Officer will submit the *Procurement Card, Supplier Card, and House Account Log* form, and monthly account statements every six (6) months to the City Manager of the City of Hamilton to be authorized.

Receipts and Documentation – Missing or incomplete

When receipts are missing or incomplete, and/or do not support the transaction provided on the account statement or the *Procurement Card, Supplier Card, and House Account Log* form, the employee is expected to reimburse the expenditure. Any expenditures incurred by CHH, whether through the use of CHH issued procurement cards, supplier cards, or house accounts, unless the appropriate and complete documentation is provided, the employee is required to pay for the expense.

4.5 PAYMENTS AND REPORTING

In reference to procurement cards accounts, the CHH Finance Department will pay the monthly outstanding balance billed by the credit card company or supplier and post the card holder charges to the appropriate account provided for the purchase.

In reference to supplier card and house accounts, the CHH Finance Department will pay the monthly outstanding balance billed by the company and post the card holder charges to the appropriate account provided for the purchase.

4.6 RETURNS, EXCHANGES, AND DISPUTES

Purchase Return/Exchange

Credits resulting from returned or exchanged goods or services must be accurately reflected on the account, using supporting documentation.

The card holder and/or authorized house account user is responsible and should:

- Contact the supplier to confirm instructions for returning merchandise;
- Record and attach relevant documentation to the *Procurement Card, Supplier Card, and House Account Log* form.

The CHH Finance Department to confirm that credits and adjustments are accurately reflected on the next monthly statement.

Supplier Transaction Disputes

Where a discrepancy exists between goods or services received and goods or services billed, the card holder and/or authorized house account user should contact the supplier about the transaction directly to reach a resolution.

In the case of an error, the supplier will credit the card holder and/or authorized house account users account. The purchasing records should be updated to ensure that the appropriate credit is received and indicated on the next monthly statement and the next month's *Procurement Card, Supplier Card, and House Account Log* form.

If the dispute cannot be resolved, the card holder and/or authorized house account user should immediately report the dispute to the credit card company and/or company associated with the house account. If it cannot be resolved between the employee and the applicable company, the employee must notify the CHH Finance Department who will investigate the dispute further.

*\*\*Items in dispute will be subject to the credit card company policy.*

#### 5.0 RESPONSIBILITY

The Chief Executive Officer and the Chief Financial Officer of CityHousing Hamilton are responsible to ensure that all purchases are in accordance with the City of Hamilton and CHH Procurement Policies. They will make the required reports to City Council or any other interested party, and also report and provide explanations to clarify and when purchases are not in compliance with Procurement Policies. The City of Hamilton Procurement Department will offer advice and assistance to ensure that the Procurement Policies are adhered to, upon request.

The Chief Financial Officer and card holders are responsible to ensure proper Procurement Card, Supplier Card, and House Account issuance, maintenance, and that reporting adheres to the requirements outlined in this Policy.

The CHH Finance Department will be responsible to ensure proper Procurement Card, Supplier Card, and House Account issuance, issuance, maintenance, and that reporting adheres to the requirements outlined in this Policy.



All staff that have been issued access and privileges to a Procurement Card, Supplier Card, or House account must adhere to City of Hamilton and CHH Policies.

## 6.0 DEFINITIONS

### **Credit Card:**

A small plastic card issued by a bank or business to a person or business, which allows the card holder to make purchases for goods or service on credit charged by a specific account. The credit used on the account is invoiced to the card holder to be paid at a later date.

### **House Account:**

Purchasing account that is associated with a specific supplier or company, in order to purchase goods and services from that specific business. This type of account is registered to a company and/or organization and does not require a credit card to make a purchases. Purchases for a company and/or organization are placed on this account and invoiced. For example, a Turkstra Lumber Account is an account for purchases that can only be made at a Turkstra Lumber store, and will bill to CityHousing Hamilton.

### **Procurement Card:**

Credit card that is used for the purchasing and goods and services.

### **Supplier Card:**

Credit card that is associated with a specific supplier or company, in order to purchase goods and services from that specific business. For example, a Home Depot Credit Card is a supplier card that can only be used at a Lowe's Supplier store.

## 7.0 REFERENCES AND RELATED POLICIES

CityHousing Hamilton Policy *03-01-01 Authorization Limits for Procurement*

CityHousing Hamilton Policy *03-02-01 Established Supplier List – Administrative and Operational Purchasing*

City of Hamilton Procurement Card Policy

City of Hamilton Procurement Policy By-law 17-064

City of Hamilton Procurement Card Holder Manual

8.0 ATTACHMENTS

*CityHousing Hamilton Notification of Signing Authority Form*

*CHH Procurement Card, Supplier Card, and House Account Responsibilities Agreement form.*

*Procurement Card, Supplier Card, and House Account Log form*

*Supplier Card and House Account Submission Schedule.*

9.0 RATIONALE FOR CHANGE