



**CORPORATION OF THE  
COUNTY OF LENNOX AND ADDINGTON**

**PURCHASING POLICY**

Date: January, 2012

**THE CORPORATION OF THE COUNTY OF LENNOX & ADDINGTON  
PURCHASING POLICY**

**SECTION 1  
DEFINITIONS**

1.1 For the purposes of this policy the definitions as set out in this section shall apply:

“Approved Budget” means the total budget as approved by County Council for the current fiscal year.

“Bid Bond” means the form of security as required in the bid solicitation documentation to guarantee that the successful bidder enters into a contract with the County.

“Blanket Order” means a written contract to purchase goods on a recurring basis without the use of individual purchase orders.

“Contract” means any agreement, written or oral, including leases and rentals between the County of Lennox & Addington and some other party or parties for the supply of goods or services at a specified price.

“County Council” means the Council of the County of Lennox & Addington.

“Department Head” means the County staff person or authorized designate responsible for the directional and operational control of a department, including its budget.

“Immediate Family” means an employee, spouse, same sex partner, parent, child, brother or sister.

“Normal Operating Expenditure” means expenditures of an operational recurring nature and does not include one-time special or capital expenditures.

“Purchase Order” means a written contract to purchase goods and services on a form approved by the Director, Financial & Physical Services.

“Senior Management Team” means the CAO/Clerk, and the Directors and the Warden on an ex-officio basis.

**SECTION 2  
PURPOSE OF THIS PURCHASING POLICY**

- 2.1 The purpose of this policy is to set out guidelines for the County to ensure that all materials, supplies and services are purchased on an open and fair basis, while providing the lowest costs consistent with the required quality and service.
- 2.2 This purchasing policy shall apply to the purchase of all goods and services made on behalf of the County of Lennox & Addington.

**SECTION 3  
GENERAL CONDITIONS**

- 3.1 No expenditure or commitment shall be incurred or made and no account shall be paid by the County for goods and services except as approved by County Council or as otherwise authorized in accordance with this policy.
- 3.2 The Department Head has responsibility for procurement activities within their department and is accountable for determining and achieving specific objectives as outlined for each procurement project.
- 3.3 The Department Head shall be satisfied that all goods and services to be purchased are authorized in the approved budgets.
- 3.4 The requirements in the purchasing policy are minimum requirements only. The Department Head has the authority to exceed the minimum requirements if such action is considered necessary and in the best interest of the County. The County dollar limits specified in the policy exclude HST.
- 3.5 The CAO/Clerk and the Director Financial & Physical Services have the authority to instruct the Department Head not to award a contract and may direct staff to submit recommendations to County Council for approval and may provide additional conditions concerning purchasing where such action is considered necessary and in the best interests of the County.
- 3.6 When goods or services in excess of \$5,000 are to be purchased which would cause the approved departmental budget to be exceeded, the Department Head shall obtain the approval of County Council prior to issuing a purchase order or engaging in a contract. However, prior to the approval of the current budget, a Department may incur normal operating expenditures up to 40% of the previous year's budget.
- 3.7 No requirement for goods and services may be divided into two or more parts to avoid the provisions of this policy.

- 3.8 An employee who intentionally or knowingly acquires or disposes of any goods or services for the County in contravention of this policy shall be subject to disciplinary actions in accordance with County policy.
- 3.9 Where an employee involved in the Award of any Contract, either on his or her own behalf, or while acting for, by, with or through another person, has any pecuniary interest, direct or indirect, in the Contract, the employee shall
- immediately disclose the interest in writing to the Department Head involved in the Award of the Contract and shall describe the general nature thereof;
  - shall not take part in the Award of the Contract; and
  - shall not attempt in any way to influence the Award of the Contract.
- 3.10 An employee has an indirect pecuniary interest in any Contract in which the County is concerned if,
- a) the employee or his immediate family,
- is a shareholder in, or a director or senior officer of, a corporation that does not offer its securities to the public that has a pecuniary interest in the Contract,
  - has a controlling interest in or is a director or senior officer of, a corporation that offers its securities to the public that has a pecuniary interest in the Contract, or
  - is a member of an incorporated association or partnership, that has a pecuniary interest in the contract.
- b) the employee or his immediate family is in the employment of a person, unincorporated association or partnership that has a pecuniary interest in the Contract.
- 3.11 All Council members shall conduct themselves in accordance with the Municipal Conflict of Interest Act, RSO 1990, c M50 as amended.
- 3.12 The Purchasing Policy shall be reviewed by County Council at least once every three years.
- 3.13 The disclosure of information related to this Purchasing Policy shall be in accordance with the provisions of the Municipal Freedom of Information and Protection of Privacy Act, RSO 1990, c.M56, as amended.
- 3.14 Department Heads are encouraged to seek quotations from suppliers that pay property taxes in the County of Lennox & Addington as long as the suppliers can meet all of the specifications set by the County related to the purchase.
- 3.15 Department Heads should consider the principles outlined in the County's Sustainability Plan when making purchasing decisions.

## **SECTION 4**

### **PROCEDURE FOR THE SELECTION OF SUPPLIERS**

- 4.1 The procedure for the selection of suppliers is set out below and summarized in Schedule A.
- 4.2 **Petty Cash**  
Petty cash funds can be used for purchases under \$100. All petty cash fund disbursements shall be evidenced by receipts which shall be submitted to the Finance Department, when the petty cash fund is being replenished.
- 4.3 **Verbal Quotations**  
The Department Head shall be authorized to make purchases of goods and services up to an amount of \$5,000 from such vendor and upon such terms as the Department Head deems appropriate and in accordance with the Purchasing Policy. Purchases shall be made from the competitive marketplace where possible and practicable.
- 4.4 **Written Quotations**  
Orders or blanket orders for goods or services with a value between \$5,000 and \$20,000 should not be placed until at least three (3) written quotations are obtained. A written specification (Request for Quotation) should accompany the request to all potential suppliers for goods or services ordered with a value greater than \$20,000, but less than \$50,000. The Request for Quotation should be circulated to suppliers and advertised on media, including the County's website, as deemed necessary by the Department Head. The written quotations must be summarized on the Quotation Summary Form, (Schedule F) or similar form and attached to the County's copy of the purchase order where applicable. In the absence of three suppliers willing to provide a written quotation for the goods and services requested, an explanation on the Summary Form and approval from the applicable Director is required. If the lowest quotation is not selected, the Director must report to and secure the approval of the Director, Financial & Physical Services or the C.A.O./Clerk, prior to the purchase of the goods or services.
- 4.5 **Tenders**  
All goods or services to be purchased with a value exceeding \$50,000 must be tendered in writing, and are subject to the tender procedures set out in Schedule C. All tenders require the approval of County Council prior to award.

## **SECTION 5**

### **EXCEPTIONS TO PROCEDURES FOR SELECTION OF SUPPLIERS**

#### **5.1 Exempt Supplies**

Competitive bids are not required for the services listed in Schedule B because the goods and services are not available elsewhere. However, the purchase of goods and services listed in Schedule B must be approved within the annual budget.

#### **5.2 Emergency Purchases**

This method of purchasing may be used when the circumstances warrant immediate action or when the health and safety and the public interest are in jeopardy. Where this method of purchasing would result in an over-expenditure or an unbudgeted expenditure of \$10,000 or more, the purchase must be approved by the Warden and reported to County Council. All emergency purchases also require the approval of the applicable Director and the C.A.O./Clerk or the Director, Financial & Physical Services prior to the purchase of goods and services.

#### **5.3 Qualified Suppliers**

Qualified suppliers are defined as suppliers of goods or services of a specified nature, which due to the nature of the goods or services, make it impractical and inefficient to change suppliers frequently. Banking, legal, audit, retained engineering and specialized technicians are examples of services which could be considered as qualified suppliers. It will be the responsibility of the Senior Management Team to assess the appropriateness of using qualified suppliers. Ongoing contracts with qualified suppliers, where annual expenditures exceed \$20,000 will be reviewed on an annual basis by County Council. Senior Management Team will be responsible for preparing this review.

#### **5.4 Proposal Method of Purchasing**

This method of purchasing shall be used where the expertise for developing proper specifications lies in the hands of the suppliers, or where additional information is required and it is impractical to call for tenders, such as the retention of consulting services or the purchase of goods of a specialized nature. For purchases under \$20,000, a minimum of three proposals should be documented on the Quotation Summary Form or a similar form. For purchases in excess of \$20,000, a written specification (Request for Proposal) must accompany the request to all potential suppliers. The Request for Proposal may be advertised on the County's web site and other media as deemed necessary by the Department Head. The Department Head must report to County Council recommending a preferred supplier if the recommended proposal exceeds \$50,000.

#### **5.5 Joint/Co-operative Purchasing**

The County will, where appropriate, engage in co-operative purchasing arrangements from time to time. These agreements would involve the County including itself with other Corporations in a contract for goods or services where such an arrangement is deemed beneficial to the County, i.e. purchase standing agreements through the Provincial government or another municipality. It will be the responsibility of Senior Management Team to assess the appropriateness of using a joint/cooperative purchasing arrangement. Contracts will be reviewed annually by County Council where annual expenditures

exceed \$20,000, in order to assess the continued suitability of these arrangements. Senior Management Team will be responsible for preparing this review.

**SECTION 6  
CONTRACT PERFORMANCE AND INSURANCE**

6.1 The Department Head may require that a Bid be accompanied by a Bid Bond or other similar security to guarantee entry into a Contract. Unless otherwise specified, in circumstances where a Bid Bond or other security is required, the deposit requirements shall be based on the following schedule.

\$20,000	- \$50,000	\$1,000
\$50,000	- \$100,000	\$2,000
\$100,000	- \$250,000	\$5,000
\$250,000	- \$500,000	\$20,000
\$500,000	- \$1,000,000	\$40,000
\$1,000,000	- \$2,000,000	\$75,000
\$2,000,000	- and over	\$150,000

6.2 The Department Head shall select the appropriate means of deposit to guarantee execution and performance of the Contract. Means may include one or more of, but are not limited to, certified cheque, bank draft, irrevocable letter of credit, money order and where appropriate, a bid bond issued by an approved guarantee company properly licensed in Canada, on bond forms acceptable to the County of Lennox & Addington.

6.3 Prior to the commencement of the work, the successful bidder may be required to provide the following security in addition to the security referred to in section 6.1.

- a) A performance bond to guarantee the performance of a Contract, and
- b) A payment bond to guarantee the payment for labour and materials to be supplied in connection with a Contract.

6.4 Prior to the commencement of work for tenders, requests for proposal and other contracts where deemed necessary by the Department Head, evidence of insurance coverage must be obtained, ensuring indemnification of the County of Lennox & Addington from any and all claims, demands, losses, costs or damages resulting from the performance of a Bidder's obligations under the Contract and from any other risk determined by the Department Head as requiring coverage.

6.5 Prior to the commencement of work related to services being performed on County property, a Certificate of Clearance from the Workplace Safety & Insurance Board shall be obtained ensuring all premiums or levies have been paid to the Workplace Safety and Insurance Board.

## **SECTION 7 PURCHASING PROCEDURES**

- 7.1 Purchase orders, if applicable, must be authorized by a Department Head or his/her designate. The purchase order must clearly state price, quantity, description, any other conditions, and applicable taxes.
- 7.2 The purchase order will have a minimum two (2) copies. Copy one will be sent to the supplier, copy two will be kept by the initiator and attached to the Quotation Summary Form, if applicable.
- 7.3 Upon receipt of the appropriate invoice, the initiator of the purchase order will check to ensure that the price, goods, and all other conditions conform to the original purchase request.
- 7.4 The invoice, along with all accompanying documentation will be forwarded to the Department Head for approval for payment. Approval by the Department Head signifies that all documentation is in good order and that departmental spending is within approved budgetary levels as prescribed by County Council.
- 7.5 If an original invoice is not available, a copy marked with "certified true copy" must be used in substitution.
- 7.6 The approved invoice and Quotation Summary Form, if applicable, will be submitted to the Finance Department for payment. All other documentation will be kept at the originator's location.
- 7.7 An approval stamp must be clearly placed on each invoice submitted to the Finance Department for payment. Failure to completely fill out the approval stamp will delay payment until the invoice is satisfactorily approved.
- 7.8 Any invoices in excess of \$50,000 will be reviewed and approved by the Warden and the Director, Financial & Physical Services, prior to processing by the Accounting Clerk.
- 7.9 The Accounting Clerk will post the invoices to the accounting system and prepare the cheque/electronic funds transfer (EFT) register. All invoices will be scanned to the accounting system for inquiry by Department Heads. Any changes to the Vendor master file including banking information will be completed by the Capital Asset & Purchasing Coordinator and reviewed and approved by the Manager, Financial Services & Provincial Offences.
- 7.10 The Capital Asset & Purchasing Coordinator will review and approve the cheque/EFT registers to ensure that all cheques/EFTs are supported by approved invoices in accordance with the Purchasing Policy. Cheques will be mechanically signed with the CAO/Clerk and Director, Financial & Physical Services signatures.



- 7.11 The Director, Financial & Physical Services will review and approve the cheque/EFT registers and review any supporting documentation as deemed necessary.
- 7.12 When the cheque register has been approved, the cheques will be mailed by the Accounting Clerk.
- 7.13 When the EFT register has been approved, it will be submitted electronically for payment to the County's Bank by the Manager, Financial Services & Provincial Offences.
- 7.14 The EFT payment confirmation report from the County's Bank will be matched to the EFT register and reviewed by the Director, Financial & Physical Services.
- 7.15 A cheque listing will be sent electronically to the County's Bank by the Manager, Financial Services & Provincial Offences to allow the Bank to match the cheques cashed by the Bank to the cheques issued by the County.
- 7.16 The County's bank accounts will be reviewed on-line by the Manager Financial Services & Provincial Offences on a regular basis for any unusual entries.
- 7.17 Bank reconciliations will be completed on a monthly basis by the Payroll & Accounting Coordinator and reviewed and approved by the Director, Financial & Physical Services.
- 7.18 Cheques that have not been cashed within six months of issue will be reviewed for reissuance or cancellation by the Capital Asset & Purchasing Coordinator.
- 7.19 As part of the monthly report to the regular meeting of County Council, the Director, Financial & Physical Services will provide a summary of the accounts paid during the last month. The detailed breakdown of accounts paid will be available for review by Councillors upon request.

**SECTION 8  
PROCEDURE FOR DISPOSAL OF COUNTY EQUIPMENT, SUPPLIES &  
MATERIALS**

- 8.1 Periodically, equipment, supplies, and materials will be deemed to be surplus and of no potential use for County purposes. In these circumstances, it will be the responsibility of the appropriate Department Director, in consultation with the Director, Financial & Physical Services, to recommend which County property is surplus.
- 8.2 When no other use can be found for the surplus property, including its use by other County departments, the Department Director will submit a detailed list of such designated property to the Senior Management Team for approval to dispose and the manner to be disposed. Dispositions with a value in excess of \$25,000 require the approval of County Council.

- 8.3 Prior to the disposal of any electronic technology equipment, the Department Director will ensure that the equipment is sanitized by information technology staff/consultants by permanently erasing and/or disabling any data storage devices.
- 8.4 A written work order requisition will be completed by the Department Director and submitted to the Manager, Property Services who will arrange for the disposal of the material and equipment at the appropriate waste management facilities in accordance with the requirements for the disposal of that particular material and/or equipment, including electronic waste. The Department Director will ensure that the material and equipment are packed and ready for disposal by Property Services. Property Services staff will dispose of materials and equipment at recycling facilities, where practical.
- 8.5 If capital assets are disposed of, the Department Directors shall complete a capital asset disposal form and submit it to the Capital Asset and Purchasing Coordinator who will update the tangible capital asset accounting records.

## **SECTION 9 LEASE FINANCING**

- 9.1 The County may choose to finance the purchase of goods and services by lease. Lease financing is governed by the policies and procedures set out in Schedule D.

## **SECTION 10 CREDIT CARD PURCHASES**

- 10.1 Purchases made using a County approved credit card are governed by the Policies and Procedures set out in Schedule E.

**PURCHASING -SUMMARY TEMPLATE**

**SCHEDULE A**

<b>METHOD OF PROCUREMENT</b>	<b>TYPE OF QUOTATION</b>	<b>SOURCE OF BIDS</b>	<b>TYPE OF CONTRACT</b>	<b>APPROVAL REQUIREMENTS</b>
<b>1. GOODS AND SERVICES</b>				
under \$5000	verbal quotation	purchases made from the competitive marketplace where possible and practicable	direct acquisition	approved by Department Head
\$5000 - \$20,000	written quotation	3 written quotes to be obtained where possible	purchase order or agreement	approved by Department Head
\$20,000 - \$50,000	written quotation acquired by REQUEST FOR QUOTATION (RFQ)	circulated to suppliers and advertised on website and other media as deemed necessary by Department Head	purchase order or executed agreement	approved by Department Head
over \$50,000	written quotation acquired by REQUEST FOR TENDER	circulated to suppliers and advertised on website and other media as deemed necessary by Department Head	agreement	approved by Council
<b>2. EMERGENCY PURCHASES</b>				
under \$10,000	verbal quotation	purchases made from competitive marketplace where possible or practicable	purchase order	approved by Department Head and CAO/Clerk or Director Financial & Physical Services
over \$10,000	written quotation	purchases made from competitive marketplace where possible or practicable	purchase order	approved by Warden

<b>METHOD OF PROCUREMENT</b>	<b>TYPE OF QUOTATION</b>	<b>SOURCE OF BIDS</b>	<b>TYPE OF CONTRACT</b>	<b>APPROVAL REQUIREMENTS</b>
<b>3. QUALIFIED SUPPLIERS</b>				
under \$20,000	written quotation	negotiation	purchase order or agreement	approved by Senior Management Team
over \$20,000	written quotation	negotiation	purchase order or agreement	approved by Council
<b>4. REQUESTS FOR PROPOSALS</b>				
under \$20,000	written quotation	3 written quotes to be obtained where possible	purchase order or agreement	approved by Department Head
\$20,000- \$50,000	written quotations through REQUEST FOR PROPOSAL	circulated to suppliers and advertised on website and other media as deemed necessary by Dept. Head	purchase order or agreement	approved by Department Head
over \$50,000	written quotations through REQUEST FOR PROPOSAL	circulated to suppliers and advertised on website and other media as deemed necessary by Dept. Head	agreement	approved by Council
<b>5. JOINT/COOPERATIVE PURCHASING</b>				
under \$20,000	written quotation	existing agreement	purchase order or agreement	approved by Senior Management Team
over \$20,000	written quotation	existing agreement	purchase order or agreement	approved by Council

**COUNTY OF LENNOX & ADDINGTON**  
**SCHEDULE B**  
**EXEMPT GOODS & SERVICES**

Competitive bids shall not be required for goods and services when such goods and services are not available elsewhere, including, but not limited to:

1. Training and Education
  1. Staff Training & Conventions
  2. Memberships
  3. Periodicals and Subscriptions
  
2. Council & Employee Expenses
  1. Council & employee remuneration
  2. Travel, meals and Hotel accommodation
  3. Other Miscellaneous employee expenses
  
3. Employer's General Expenses
  1. Payroll deduction remittances
  2. Licences (vehicle, elevators, radios, etc)
  3. Debenture payments
  4. Payments to agencies
  5. Payment of damages
  6. Property taxes
  7. Charges to/from other municipalities, Government or Crown Corporations
  8. Advertising
  
4. Professional and Special Services
  1. Court Reporting, interpreters, witness fees and judicial costs
  2. Arbitrators, Mediators and Legal Settlements
  3. Entrance and other permit refunds
  4. Credit card service fees
  
5. Utilities
  1. Postage
  2. Water and sewer charges
  3. Heat & Hydro
  
6. Social Services
  1. Payments to Social Service recipients and rent support payments
  2. Social Housing rent supplements
  3. Non-Profit Housing Corporation payments
  4. Child Care service payments to providers

## **TENDER PROCEDURES SCHEDULE C**

1. Tenders will be sought for all work, material and equipment with an expected value exceeding \$50,000.
2. All tenders will be publicly advertised on the County of Lennox & Addington's website and other media as deemed necessary by the Department Head. In house bids may be sought where the CAO/Clerk considers it appropriate to do so.
3. Sealed tenders, plainly marked as to contents, must be received prior to closing time. The closing date is usually 14 calendar days after date of issue. However, a tender may be closed in a shorter or longer time period depending on the urgency or complexity of the items being tendered. Tenders will be dated and time stamped when received. Tenders received after the closing time will be automatically rejected and returned to the bidder unopened.
4. In some instances the contract may be advertised to pre-qualify potential bidders. Pre-qualification of bidders includes the screening of potential bidders in which such factors as financial capability, reputation, qualified staff, and product quality are considered. After evaluation of responses, only those contractors who are pre-qualified are allowed to submit tenders.
5. Each tender is reviewed to determine whether a bid irregularity exists. Depending on the significance of the irregularity, the bid will either be automatically rejected, 48 hours notice will be given to correct and initial, or the bid may be accepted with the irregularities at the discretion of the Department Head, in consultation with the Director, Financial & Physical Services.
6. Tenders are tabulated and evaluated by the Department Head and a recommendation is provided to County Council for their consideration and approval.
7. County Council reserves the right to reject any or all tenders or to accept any tender for any reason whatsoever.

**LEASE FINANCING  
SCHEDULE D  
POLICIES & PROCEDURES**

**Purpose**

Under the Municipal Act 2001 and O.Reg.46/94, a Municipality must adopt a statement of the municipality's lease financing policies and goals before entering into a financing lease.

This policy shall be considered the County of Lennox & Addington's statement of lease financing policies and goals and will outline the procedures to be followed to ensure the financial and other risks associated with a financing lease are evaluated and reported to County Council in accordance with the legislation.

Lease financing may be considered by County Council as an economically feasible alternative to purchasing or debt financing when acquiring the rights to use capital property and equipment under the County's purchasing procedures.

**Definitions**

Financing Lease	A lease allowing for the provision of municipal capital facilities if the lease may or will require payment by the municipality beyond the term for which the Council was elected. A financing lease includes both material and non-material leases, but does not include any internal financing arrangements between County departments.
Material Lease	A financing lease which would have a material impact on the County.
Non-Material Lease	A financing lease which would not have a material impact on the County.
Material Impact	An individual financing lease with payments exceeding \$50,000 over the course of the lease, or \$20,000 in any particular year.
Combined Material Impact	The cost or risks of a proposed non-material lease which, when combined with all other non-material leases entered into or proposed to be entered into in a particular year by the County, would result in an amount of payment exceeding 20% of the annual repayment limit as prescribed under O.Reg.799/94 .
Municipal Capital Facilities	Land, works, buildings, equipment, machinery and related systems and infrastructure.

## **Requirements**

Financing leases require the following:

1. A schedule of all fixed amounts of payment, if any, required under the lease and payments that may be required under any possible extensions or renewals of the lease.
2. A review by the Director, Financial & Physical Services for classification, compliance with this policy and a calculation of total annual lease payment obligation.
3. Signature of the CAO/Clerk and Warden on approval and execution of the lease for all material leases.

## **Approval Process**

The Director, Financial & Physical Services shall prepare a report to County Council with recommendations, assessing, in the opinion of the Director, Financial & Physical Services, the costs and financial and other risks associated with a material financing lease, including:

1. A summary of all fixed amounts of payment, if any, required under the lease and payments that may be required under any possible extensions or renewals of the lease.
2. A comparison between the fixed and estimated costs and the risks associated with the proposed lease and those associated with other methods of financing.
3. A statement summarizing, as may be applicable, the effective rate or rates of financing for the lease, the ability for lease payment amounts to vary, and the methods of calculations, including possible financing rate charges, that may be used to establish that variance under the lease.
4. A statement summarizing any contingent payment obligations under the lease that in the opinion of the Director, Financial & Physical Services, would result in a material impact for the County, including lease termination provisions, equipment loss, equipment replacement options and guarantees and indemnities.
5. A summary of the assumptions applicable to any possible variations in the lease payment and contingent payment obligations and,
6. Any other matters the Director, Financial & Physical Services or County Council considers advisable.



County Council is responsible for:

1. Assessing the Director, Financial & Physical Service's report and determining whether the costs of financing for the proposed financing lease are lower than other methods of financing available to the County and whether the risks associated with the financing lease are reasonable.
2. Ensuring that legal and financial advice has been obtained and if the scope of the proposed lease warrants further legal or financial advice from an independent source.

### **Reporting**

The Director, Financial & Physical Services shall present an annual report to County Council. The report will include the following:

1. A description of the estimated proportion of the total financing arrangements of the County that is undertaken through financing leases to the total long-term debt of the County.
2. A description of the change, if any, in that estimated proportion since the previous year's report.
3. A statement by the Director, Financial & Physical Services as to whether, in his opinion, all financing leases were made in accordance with this policy.
4. Any other information that County Council may require or that in the opinion of the Director, Financial & Physical Services should be provided.

**THE COUNTY OF LENNOX & ADDINGTON**  
**SCHEDULE E**  
**CREDIT CARD PURCHASES**  
**POLICIES AND PROCEDURES**

**PURPOSE**

The purpose of the County of Lennox & Addington Credit Card Policy is to ensure that:

- credit cards are used to make only authorized purchases on behalf of the County of Lennox & Addington
- only duly authorized employees obtain credit cards
- appropriate documentation supports expenses; and
- adequate security exists over cards and card numbers

**REQUIREMENTS**

Credit cards are assigned to assist staff in obtaining goods and services in an expedient manner. It provides a cost effective and timely payment method compared to the use of electronic funds transfers or cheque issuance. It is the intent to use credit cards only to augment the County of Lennox & Addington's Policies and Procedures. The use of credit cards in no way supercedes the requirements set forth in the Purchasing Policy.

**How to Obtain a County of Lennox & Addington Credit Card**

The steps involved in obtaining a credit card are as follows:

- The Departmental Director sends a signed internal memo to the Director Financial & Physical Services requesting a credit card for a particular employee or vehicle. The memo must state the rationale for the request along with the credit card limit, and any other card restrictions and / or limitations on card transactions. An example of the limits may include, but are not limited to, transaction restrictions for fuel purchases only. The Chief Administrative Officer is responsible for requesting credit cards for Departmental Directors.
- The Director Financial & Physical Services signs and completes the documentation to obtain the card from the credit card company.
- The future card holder must sign a letter (see Appendix A) from the Financial Services Department acknowledging that they have read, understand and will abide by the County of Lennox & Addington's Credit Card Policy, have physically received the noted credit card and acknowledge the noted specific credit limits. This letter will also require the signature of the appropriate Department Director acknowledging the credit card issuance to the employee.
- The Financial Services Department will maintain a master list of card holders.
- The Financial Services Department will circulate a list of card holders and credit limits to Departmental Directors to review and authorize once each year.

### **Eligible uses of the County of Lennox & Addington Credit Card**

The County of Lennox & Addington's Credit Card Policy is meant to augment the approved Purchasing Policies and Procedures. Before purchases are made with credit cards, staff must ensure that they abide by corporate purchasing requirements concerning eligible expenses, authorization limits, and all other requirements outlined in the Purchasing Policies and Procedures.

For those individuals who hold credit cards, pre-authorized travel expenses may be paid for by using the County of Lennox & Addington's credit card. All receipts must be kept by the card holder and attached to the monthly credit card statement. It is the card holder's sole responsibility to ensure that the monthly credit card statement is forwarded to Financial Services and includes all supporting documentation and account charges, is appropriately matched and reconciled and has the Department Director's authorizing signature. For those credit cards that are assigned to a specific vehicle, it is the responsibility of Department Directors to ensure that staff members have been assigned the task to perform the documentation requirements indicated in the preceding sentence.

### **Ineligible uses of the County of Lennox & Addington's Credit Card**

The credit card must not be used for:

- personal use,
- cash advances,
- payment of salary and wages, and
- for the purpose of circumventing the County of Lennox & Addington's Purchasing Policies and Procedures

Under no circumstances will the card be loaned out to co-workers, colleagues or any other associates.

Credit card companies often have reward programs, which offer points that can be redeemed for merchandise. Credit card holders shall not collect or redeem points under any circumstances for personal benefit in any way from these programs.

### **Expense Authorization Procedures**

Monthly credit card statements will be forwarded to card holders. The card holder must attach the original receipts along with the credit card slips. The monthly credit card statement or vendor receipts must be properly authorized. This means that the accounts payable stamp must be used; appropriate signatures must be obtained indicating that the goods were received or services rendered, invoice calculations must be rechecked, and the dollar payable amount and the account code must be noted and the statement must be signed by an individual with the property authority level.

The credit card monthly statement and attached authorized original documents must be returned to the Financial Services department within 14 calendar days of receipt.

The Financial Services department audits the credit card transactions, and monitors card holder's statements. Card holders and Departmental Directors will be notified of any disputed charges, or policy and contractual violations.

### **Returns and Exchanges**

Returns and exchanges for purchases made on the credit card must be reversed on the credit card as opposed to receiving a cheque or cash. The reversing credit card slip along with any other documentation must be attached to the monthly credit card statement and submitted to the Financial Services department.

### **Physical Security**

If the credit card is issued in the name of the employee, the card holder is completely responsible for the card. If the credit card is issued in the name of a vehicle, the employee driving the vehicle is responsible for the card. It must be held in a secure location at all times. If a card is lost or missing, the card holder must notify the credit card company immediately and subsequently notify the Departmental Director and the Financial Services department as soon as possible thereafter.

It is the responsibility of the card holder to ensure that credit card account numbers do not appear on any unnecessary documentation to limit exposure to theft.

### **Consequence of Misuse**

Fraud or misuse of County of Lennox & Addington's credit cards may result in administrative action including disciplinary measures up to and including termination of employment. Individuals will be held responsible for any losses to the County of Lennox & Addington resulting from fraud or misuse and appropriate action will be taken to recover these losses.

Failure to provide authorized receipts may result in the card holder being held responsible for the purchases along with appropriate action being taken to recover these amounts from the card holder.

### **Departing Employees**

It is the responsibility of the Departmental Directors to obtain County of Lennox & Addington's credit cards from employees prior to their last day of work. The cards must be returned to the Financial Services department who will be responsible for the destruction of the card. The Financial Services department will update their list of credit cards outstanding and confirm with the credit card company that the card has been cancelled.

**THE COUNTY OF LENNOX & ADDINGTON**

I \_\_\_\_\_ acknowledge receipt of the County of Lennox & Addington's Credit Card. I have read, understand and will abide by County of Lennox & Addington's Credit Card Policy.

Account # \_\_\_\_\_

Expiry Date: \_\_\_\_\_

Credit Limit \_\_\_\_\_

Restrictions/Limitations

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Card Holder Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Department Director/CAO Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Director, Financial Services Signature

\_\_\_\_\_  
Date

**THE COUNTY OF LENNOX & ADDINGTON  
SCHEDULE F  
QUOTATION SUMMARY FORM**

Department \_\_\_\_\_

Type of Quotation  
(Verbal or Written) \_\_\_\_\_

Good or Service requested \_\_\_\_\_

<b>SUPPLIER</b>	<b>PRICE</b>	<b>REMARKS</b>

This document must be filled out for the above noted quotations and must be attached to the appropriate purchase order. If less than three quotations are obtained or if the recommended quotation is higher than the lowest quotation, an explanation must be provided on this form and be approved by the Director. Approval from the Director, Financial & Physical Services or the CAO/Clerk is required prior to purchase if the amount of the purchase is greater than \$5,000 and the recommended quotation is higher than the lowest quotation.

**RECOMMENDATION:**  
\_\_\_\_\_  
\_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Department Head/Director

Signature \_\_\_\_\_ Date \_\_\_\_\_  
CAO/Clerk or Director, Financial  
& Physical Services  
(if applicable)