
SECTION 14

PURCHASING

14.04 PROCUREMENT CARD POLICY AND PROCEDURES

AUTHORITY: *FINANCIAL ADMINISTRATION ACT
PROCUREMENT OF GOODS ACT
AND REGULATIONS*

ADMINISTRATION: OFFICE OF THE COMPTROLLER
DEPARTMENT OF FINANCE

EFFECTIVE DATE: DECEMBER 2023

14.04 PROCUREMENT CARD POLICY AND PROCEDURES

(1) PURPOSE

This policy establishes the procedures for issuance and usage of Procurement Cards (PCards) which are used to acquire certain goods or services.

The PCard is a Government credit card that is used as a procurement tool for Government purchased goods and services. In addition to following the guidelines established in this policy, Cardholders and Department Administrators must adhere to the *Financial Administration Act* (FAA), the *Procurement of Goods Act* (PGA), federal and interprovincial trade agreements and other applicable provincial policies and guidelines.

The benefits of a PCard or credit card system include reduced costs, timeliness of supplier payments, control over Government purchasing, better management reporting and access to Merchants who prefer payment through a credit card.

(2) APPLICATION

The application of this policy is referenced to the Schedules of the FAA and applies to all Departments listed in Schedule “A” to the FAA except the Legislative Assembly.

While this policy **does not apply** to the Legislative Assembly or to reporting entities as defined in the FAA, the **spirit and intent** of this policy should serve as a **guideline** for those entities in developing their own policies. Reporting entities that develop policies differing from Treasury Board policy require approval of Treasury Board.

(3) DEFINITIONS

- (a) “**Alternate Verifier**” is an employee who has been delegated by the Department to process PCard transaction in the Financial Information System (FIS) on behalf of a Cardholder.
- (b) “**Approver**” means an employee of a department who has been delegated signing authority by the Deputy Head to approve PCard transactions.
- (c) “**Blocking**” means limiting the use of a PCard. Procurement Services can prevent the purchase by PCard of specific goods and services from certain Merchants.
- (d) “**Cardholder**” means an employee who uses the PCard for Government business purposes, adheres to the PCard Policy, and signs the Cardholder Agreement (see Attachment 14.04-I).
- (e) “**Card Administrator**” means an employee who has been designated by the Office of the Comptroller to be responsible for the processing, accounting and filing of documents related to PCard transactions.

- (f) **“Card Company”** means the supplier of the corporate credit card.
- (g) **“Card Coordinator”** means an employee who has been designated by the Office of the Comptroller to be responsible for management of the PCard program.
- (h) **“Credit Limit”** means the maximum amount of debt which may be outstanding on the PCard.
- (i) **“Department Administrator”** means the financial manager of a department who has been assigned responsibility for the approval of applications and administration of PCards within their department.
- (j) **“Disputed Items”** means transactions in which the Cardholder has a disagreement with the Merchant. The Cardholder may deny having made the purchase or may disagree with the amount of the purchase.
- (k) **“Expense Receipt Package”** includes the numbered expense report conformation page assigned to and generated by Financial Information System upon the submission of an expense transaction coupled with the original supporting documentation for the purchase.
- (l) **“Financial Information System” (FIS)** means Government’s accounting and financial management system.
- (m) **“Merchant”** means a supplier of goods or services that accepts payment by PCard.
- (n) **“Procurement Card” (PCard)** means a Government of PEI corporate credit card which is distinguished by having the “PROVINCE OF PEI” printed below the name of the individual Cardholder.
- (o) **“PCard Program”** means the policies and procedures used by the Government of PEI to acquire certain goods and services.
- (p) **“Supporting Documentation”** means the detailed record which verifies that an expenditure has been made for the benefit of Government.
- (q) **“Transaction Limit”** means the maximum dollar amount that may be charged to the PCard in a single transaction.

(4) **POLICY**

The Comptroller has authority under the FAA to prescribe the manner in which a request for payment is made out of the Operating Fund. This policy outlines how it will be performed for PCard transactions.

The Procurement Services Section of the Office of the Comptroller is authorized to issue PCards to employees, based on the requirements identified by Department Administrators, including Transaction Limits and Credit Limits for Cardholders.

The Accounting Section of the Office of the Comptroller is responsible for establishing the procedures to record transactions and make payments through FIS.

PCard applications, forms and user documentation is maintained and distributed by the Office of the Comptroller. Detailed procedures and guidance materials include many topics, such as account coding, processing of transactions, approval procedures, scanning of supporting documents, and other common issues.

(5) AUTHORIZATION AND LIMITS

Departments will identify employees who require a PCard and establish appropriate Transaction Limits consistent with the employee's delegated signing authority.

All PCards are set with the following default limits:

Transaction Limit	\$3,000
Credit Limit	\$5,000

A PCard limit can be changed upon the Card Coordinator receiving written authorization from the Department Administrator using the Limit Amendment Form available at the Procurement Services Section.

Departments and Cardholders shall abide by the purchasing thresholds outlined in the PGA and Regulations and applicable trade agreements.

(6) PROCEDURE

(a) Acceptable Use

- (i) The PCard is only to be used to purchase goods or services for Government business purposes within the limits established for the individual Cardholder and in compliance with the FAA, the PGA and Regulations and other applicable provincial policies and guidelines.
- (ii) Only the person whose name appears on the PCard may use it. The Cardholder will be held personally responsible for unauthorized purchases resulting from allowing the use of the PCard by another employee or anyone else.
- (iii) The PCard is to be used for Government business purposes only and in conjunction with the Cardholder's job duties. When a reasonable explanation is not given for a transaction, the purchase may be considered of a personal nature, thus requiring reimbursement to the Provincial Government. Where the

expenditure is for goods or services of a personal nature, the description must clearly describe the Government business reason for the purchase.

- (iv) When using the PCard, the Cardholder must retain all supporting documentation related to purchases including the Merchant sales slips and receipts and any additional documentation or signatures sufficient to identify each purchase as a legitimate or approved Government business transaction.
- (v) Refunds on returned items must be credited to the PCard. Cash, Merchant credits, or any other form of reimbursement is not acceptable.

(b) Unacceptable Use

- (i) A PCard should not be used for the following items:
 - anything of a personal use not directly related to Government business;
 - cash advances;
 - long-term vehicle rentals and leases (in excess of one month); or
 - gasoline purchase where the Cardholder has been issued a fleet fuel card.
- (ii) It is not acceptable to split an acquisition of a good or service into multiple payments when the total purchase price would exceed the Transaction Limit or contravene Government's procurement policies.

If an inappropriate personal expense is charged to the PCard in error, the Cardholder should attempt to have the Merchant reverse the transaction and the Cardholder pay for the item with personal funds.

(7) RESPONSIBILITIES OF THE OFFICE OF THE COMPTROLLER

- (a) The **Card Coordinator** is responsible for:
 - (i) acting as the primary contact with the Card Company on all issues relating to the PCard Program;
 - (ii) reviewing internal requests for new PCards and/or changes and taking the necessary administrative actions with the Card Company; and
 - (iii) maintaining a record of all PCards issued including applications and agreements.
- (b) The **Card Administrator** is responsible for:
 - (i) processing payments to the Card Company by the due date;
 - (ii) uploading the transaction file received from the Card Company to FIS, performing reconciliations and initiating the verification process;

- (iii) receiving Expense Receipt Packages from the Department and reviewing for completeness and following up with Cardholders and/or Department Administrators on missing items;
- (iv) performing a periodic audit of Cardholder activity to ensure the PCard policy is being followed; reporting issues of concern to Department Administrators; reporting to the Comptroller the audit results and the actions taken or recommended; and
- (v) notifying departments of year-end cut-off processes and requirements.

(8) RESPONSIBILITIES OF THE DEPARTMENT

- (a) The **Department Administrator** is responsible for:
 - (i) approving Transaction Limits and Credit Limits for Cardholders;
 - (ii) authorizing changes in Transaction Limits, Credit Limits and blocking requirements;
 - (iii) performing a periodic review of PCard activity, including:
 - Transaction Limits;
 - PCard usage; and
 - approvals.
 - (iv) exercising discipline in cases where a Cardholder, Alternate Verifier or Approver fails to follow Government's policies and procedures, as outlined in Section 11 - Disciplinary Action;
 - (v) notifying the Card Coordinator and Card Administrator when a Cardholder is on extended leave. The PCard should be obtained from the Cardholder and put in safekeeping.
 - (vi) advising the Card Administrator and the Card Coordinator, where cancellation of a PCard is necessary, for the following reasons:
 - termination of employment;
 - transfer of the Cardholder to another Department or Division; or
 - departmental decision to revoke PCard.
- (b) The **Cardholder** is responsible for:
 - (i) adhering to the terms and conditions for use of the PCard as outlined in the Cardholder Agreement (Attachment 14.04-I) and this policy;
 - (ii) ensuring that the PCard is not used to circumvent requirements of the PGA and Regulations;

- (iii) ensuring that the PCard is only used by the Cardholder. The Cardholder will be held personally responsible for any unauthorized purchases resulting from allowing the use of the PCard by another employee or anyone else.
 - (iv) maintaining physical security of the issued PCard, along with any documents that indicate the PCard number, the personal identification number (PIN) and/or the Cardholder signature;
 - (v) reporting a lost or stolen PCard immediately to the Card Company, the Card Coordinator and the Department Administrator;
 - (vi) complying with the General Usage Guidelines, as set out in Section 6;
 - (vii) verifying transactions immediately upon receiving notification including:
 - matching the transactions with receipts;
 - ensuring proper account coding is applied to each transaction; and
 - including in the description field sufficient explanation of the expenditure. Where an expenditure may appear to be of a personal nature (groceries, gift cards, clothing, etc.), the description must explain why the item purchased is for Government business purposes.
 - (viii) ensuring disputed items are identified and followed up on a timely basis;
 - (ix) reviewing the monthly bank statements to ensure only authorized transaction appear on the statement; and
 - (x) forwarding Expense Receipt Packages to the Card Administrator.
- (c) The **Alternate Verifier** is responsible for:
- (i) verifying transactions immediately upon receiving notification including:
 - matching the transactions with receipts;
 - ensuring proper account coding is applied to each transaction; and
 - including in the description field sufficient explanation of the expenditure. Where an expenditure may appear to be of a personal nature (groceries, gift cards, clothing, etc.), the description must explain why the item purchased is for Government business purposes.
 - (ii) ensuring disputed items are identified and followed up on a timely basis;
 - (iii) reviewing the monthly bank statements to ensure only authorized transaction appear on the statement; and
 - (iv) forwarding Expense Receipt Packages to the Card Administrator.

- (d) The **Approver** is responsible for approving or rejecting transactions in FIS by:
- (i) ensuring that expenditures adhere to this policy;
 - (ii) verifying that the receipt attached matches the expense that is claimed;
 - (iii) verifying the accuracy of the General Ledger account code, expense amount and tax coding;
 - (iv) verifying that information, required under Section 10.02 - Public Disclosure of Expenses in the Treasury Board Policy and Procedures Manual, is entered on expenses where required;
 - (v) verifying that the scanned documents meet the quality control requirements in the guidelines for scanning records provided by the Procurement Services Section.

(9) OUT-OF-PROVINCE TRAVEL

Employees who use a PCard to pay out-of-province travel expenses are required to follow Section 17.03 - Out-of-Province Travel in the Treasury Board Policy and Procedures Manual.

(10) PUBLIC DISCLOSURE

Ministers, Deputy Heads and other senior officials designated by Executive Council, who use a PCard to pay for travel, hospitality, meetings and conference expenses are required to follow Section 10.02 - Public Disclosure of Expenses in the Treasury Board Policy and Procedures Manual.

In addition, travel, hospitality meetings and other expenditures incurred by other staff may be released to the public through a process. The policy and guidance documents contained in both this policy and the Public Disclosure Treasury Board Policy, Section 10.02, should be followed.

(11) DISCIPLINARY ACTION

- (a) The Department Administrator has the authority to recall a PCard from a Cardholder where misuse or failure to follow policies and procedures has occurred. The Card Coordinator must be notified for immediate cancellation of the PCard.
- (b) The Comptroller has the authority to recall a PCard from a Cardholder where misuse, or failure to follow policies and procedures has occurred and the Department Administrator has not taken appropriate disciplinary action.

- (c) The Comptroller has the authority to cancel the PCard program in a Department, or in an area within a Department, when the PCard Program is not being properly administered.

(12) INTERPRETATION

In cases where an interpretation is required, such should be referred to the Secretary to Treasury Board, or their delegated officer, who will make the interpretation or refer the matter to Treasury Board, if a Treasury Board decision is deemed necessary.

(13) CONTACTS

- (a) **Card Coordinator**

- Card Issuance/Reporting Lost or Stolen Cards
 - Procurement Services (902) 368-4040

- (b) **Card Administrator**

- Importing Transactions into FIS/Reconciling Accounts/Filing Documents
 - Payment Processing (902) 368-4010