

STAFF REPORT: Financial Services



REPORT TO: Finance & Administration
MEETING DATE: September 23, 2008
REPORT NO.: FS.08.37
SUBJECT: Town Purchasing Card Program
PREPARED BY: Robert Cummings, Director of Financial Services
Sherri Adams, Manager of Purchasing

A. Recommendations

THAT Council receive Staff Report FS.08.37, "Town Purchasing Card Program" for information purposes.

AND authorize the CAO and Director of Financial Services to sign the application agreement with US Bank, subject to review by legal counsel, for the implementation and use of a Town Purchasing Card.

B. Background

Town staff continues to research methods, processes and procedures to improve the efficiency of its operations while ensuring the safeguarding of its assets. Town staff has identified an improved method of purchasing that will provide greater efficiencies in the procure-to-payment process.

Presently, most vendors that the Town does business with will invoice the Town for the goods and/or services, followed by a cheque issued from the Accounts Payable Clerk following the approval process. While this is a long standing way of doing business for many public sector organizations, the opportunity to improve the labour aspect of the cycle exists within a Purchasing Card Program.

Town staff has investigated a purchasing card program for use in purchases less than \$10,000. The current Purchasing Policy requires staff to obtain three written quotations for this level of purchase. The Town's regular operational type activities fall into this category. The advantages of the purchasing card include:

1. reduction of paperwork for the Town due to less invoices and cheques,
2. an improved Accounts Payable process,
3. an efficient approval process due to automated approvals,
4. immediate payment to vendors and
5. immediate reporting capabilities via a Web-portal reporting program

Town staff attended a Purchase Cards Best Practices workshop in Milton this year with other public sector agencies to discuss opportunities and challenges with purchase card programs. Research of the market place by Town staff to

obtain a quality Purchase Card Program revealed a select few vendors. Most chartered banks have sold off this portion of their business or did not return calls to the Town.

US Bank was receptive to the Town's inquiries and was pleased to meet with Town Staff to discuss the Town's needs. The US Bank purchasing card program has an established program and has also obtained Royal Bank's purchasing card program. US Bank's program that is being offered to the Town suits the needs of the Town and provides specialized reporting capabilities, automated transaction limits, automated vendor types, numerous security tools, and enhanced account automation.

Town staff has drafted a Purchasing Card Procedure Policy FS.08.10 to ensure the Town's internal controls are in place for the use of purchasing cards. The policy sets out the roles and expectations of the program and staff.

C. The Blue Mountains' Strategic Plan

Providing a strong well-managed municipal government

D. Environmental Impacts

Supporting environmentally sound decisions

E. Budget Impact

The program cost will require a one-time \$750.00 fee for the set-up of the Town of The Blue Mountains logo card. This amount will be paid for from the Financial Services Printing Budget.

F. Attached

Purchasing Card Procedure Policy

Respectfully submitted,

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