



REPORT

TO: Mayor Lawlor and Members of Council

FROM: Simone Gourlay, Senior Manager of Purchasing & Risk Management

DATE: April 19, 2023

REPORT NO.: CS-2023-015

SUBJECT: US Bank National Association Purchasing Card Contract

RECOMMENDATION:

THAT Report No. CS-2023-015, dated April 19, 2023 regarding the US Bank National Association Purchasing Card Contract be received;

AND FURTHER THAT the contract for the Purchasing Card Program with US Bank National Association be extended for five (5) years from September 1, 2023 to August 31, 2028;

AND FURTHER THAT the Mayor and Clerk be authorized to execute the necessary contract documents with US Bank National Association.

KEY POINTS:

The following are key points for consideration with respect to this report:

- Staff use purchasing cards for low dollar purchases to reduce administrative work
- Purchasing cards are also used for payment of reoccurring purchases that have gone through the Purchasing Policy
- Staff are seeking approval of a five-year contract with US Bank National Association for purchasing cards
- The purchasing card program also provides financial incentives in the form of rebates for purchases

BACKGROUND AND DISCUSSION:

In 1995, the Town of Oakville on behalf of the Halton Co-operative Purchasing Group (HCPG) called bids for a Purchasing Card Program. HCPG consists of purchasing staff from the four Halton municipalities, Halton Region, Halton Regional Police, Conservation Halton, Halton Catholic District School Board, Milton, Oakville and Burlington Hydros, and Sheridan College. Royal Bank of Canada with the Visa Purchasing Card was the successful supplier and was awarded the contract for all participating agencies. The Town of Oakville and Region of Halton successfully implemented their programs shortly thereafter.

In 1998, the Purchasing Card Program pilot was implemented at the Town of Halton Hills. The purpose of the program was to reduce the amount of administrative time spent processing small dollar transactions. This would include a reduction of purchase requisitions, purchase orders, receiving reports, petty cash, expense reports and cheque processing. The program was successful and was further rolled out to all departments in 1999. At that time, 44 cards were issued and monthly limits per card were capped at \$1500. The total spent during the six-month trial was \$21,663.81.

In 2000, US Bank National Association purchased the Royal Bank's corporate card division. There was a seamless transition and the program continued. US Bank National Association has also taken over the corporate card division for TD Canada Trust and the Canadian Imperial Bank of Commerce. The last contract was negotiated in 2018 and is expiring in August 2023.

Through many discussions with HCPG, US Bank National Association is willing to extend the current contract for another five (5) year term and provide increased rebate levels. Staff have also reviewed the Purchasing Card Program offered through the Province of Ontario. The Province awarded the contract to BMO Financial Group with MasterCard. Staff have found the US Bank National Association/Visa program to provide greater financial benefits with similar functionality between the websites and mobile applications.

In 2022, with 225 cardholders, the Town spent over \$6,000,000 on the US Bank Purchasing Card with a total of 11,800 transactions and average transaction size of approximately \$500. This is an increase of 28% in the use of the program since the 2018 contract was executed. To grow the program, but still maintain control, many restrictions have been put in place. Single transactions cannot exceed \$15,000 and monthly limits are capped between \$15,000 and \$100,000 as per the Purchasing Policy. The card is used for Town expenditures only and cash advances are prohibited. Staff must reconcile their transactions, through web-based software, each month, attach their receipts electronically and have their supervisor's approval before it is reviewed by the Corporate Services department. Staff report any discrepancies to the Senior Manager of Purchasing & Risk Management and cards can be suspended or terminated at a moment's notice through US Bank's software. There are numerous reports available through the software that enable staff to analyze the vendor choices and buying patterns. Purchasing staff scans purchasing activity daily for any out-of-the-ordinary purchases.

The US Bank/Visa program has proven to be an excellent resource for staff. The reporting software supplied by US Bank is web-based so changes to card limits, status, and account access is instantaneous.

STRATEGIC PLAN ALIGNMENT:

This report aligns to the Town's Strategic plan recognizing the value to provide responsive, effective municipal government and strong leadership in the effective and efficient delivery of municipal services.

RELATIONSHIP TO CLIMATE CHANGE:

This report is administrative in nature and does not directly impact or address climate change and the Town's Net Zero target.

PUBLIC ENGAGEMENT:

Public Engagement was not needed as this report is administrative in nature.

INTERNAL CONSULTATION:

Staff have worked with a team of Purchasing representatives from Halton Region, Halton Region Police, the Towns of Milton and Oakville to negotiate this contract. Finance staff have been consulted and provided input into the report.

FINANCIAL IMPLICATIONS:

This report will be funded through an existing approved budget source.

The rebate amount for 2023 is currently estimated at over \$80,000. There are no operating budget impacts at this time, and future impacts will be addressed through the annual budgeting process.

Reviewed and approved by,

Laura Lancaster, Commissioner of Corporate Services

Chris Mills, Chief Administrative Officer