



## REPORT

**REPORT TO:** Chair and Members of the Community and Corporate Affairs Committee

**REPORT FROM:** Simone Gourlay, Manager of Purchasing

**DATE:** May 22, 2018

**REPORT NO.:** CORPSERV-2018-0033

**RE:** Contract for US Bank Canada Purchasing Card Program

### RECOMMENDATION:

THAT Report CORPSERV-2018-0033, dated May 22, 2018 regarding the Contract for the US Bank Canada Purchasing Card Program be received;

AND FURTHER THAT the contract with US Bank Canada be extended for five (5) years for the Purchasing Card Program;

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

### BACKGROUND:

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, the two school boards, Oakville and Burlington Hydro, Halton Children's Aid Society 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 program has since been expanded many times to over 196 cardholders. In 2017, the Town spent \$4,662,308 on the US Bank Purchasing Card with a total of 10,374 transactions. This is an increase of 173% in the use of the program since the 2008 contract was put in place. In order to grow the program, but still maintain control, many restrictions have been put in place. Monthly limits are capped between \$10,000 and \$75,000 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 and have their supervisor's approvals before submitting the documents to the Corporate Services department. Staff report any discrepancies to the Manager of Purchasing 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.

#### **COMMENTS:**

This project was one of the initiatives of the Halton Co-operative Purchasing Group (HCPG). Through many discussions with HCPG, US Bank Canada 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 and the Ontario Education Collaborative Marketplace (OECM). The Province and OECM awarded separate bids to BMO Financial Group with MasterCard. Staff have found the US Bank Canada/Visa program to provide greater financial benefits and a more streamlined website.

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

#### **RELATIONSHIP TO STRATEGIC PLAN:**

There is no direct relationship to the Strategic Plan.

#### **FINANCIAL IMPACT:**

US Bank Canada provides a rebate to the Town calculated from the overall card purchases and payment terms. The rebate has been steadily increasing each year.

**CONSULTATION:**

Staff have worked in conjunction with the Region of Halton, Halton Police and the Towns of Oakville and Milton on this contract.

**PUBLIC ENGAGEMENT:**

There is no public engagement.

**SUSTAINABILITY IMPLICATIONS:**

The Town is committed to implementing our Community Sustainability Strategy, Imagine Halton Hills. Doing so will lead to a higher quality of life.

The recommendation outlined in this report is not applicable to the Strategy's implementation.

**COMMUNICATIONS:**

There is no communications impact.

**CONCLUSION:**

The purchasing card program through US Bank Canada has been very effective in reducing the amount of administrative time spent on small dollar purchases. US Bank Canada has been a high quality supplier for the Town of Halton Hills. They have provided the Town with a financial rebate, excellent reports and have compiled Accounts Payable Analysis to further expand the program. Staff recommends the Town of Halton Hills extend the current contract for another five (5) years with US Bank Canada.

Reviewed and Approved by,

A handwritten signature in black ink, appearing to read "Jane Diamanti".

Jane Diamanti, Commissioner of Corporate Services

A handwritten signature in black ink, appearing to read "Brent Marshall".

Brent Marshall, CAO