

# Strathbogie Shire Council Purchasing Card Policy

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# Purchasing Card Policy

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## PART 1 POLICY

### 1. PURPOSE

The purpose of this policy is to set up a best practice framework for purchase cards and mitigate potential fraud and financial risk.

This policy aims to achieve governance rules for application and usage of corporate cards. It also sets up guiding principles and reporting.

This policy applies to purchasing cards, which includes credit, debit, EFTPOS and similar bank cards, as well as the use of mobile technology issued by Council to process electronic payments and used for purchasing goods and services on behalf of Council.

### 2. POLICY STATEMENT

The use of a corporate purchasing card can be the most efficient and effective means of procuring goods and services in some circumstances such as:

- ~~emergencies where the on-line procurement system will not meet the exceptional need~~
- purchase of goods or services where only payment by card is accepted
- purchases where the on-line procurement system may be impractical
- purchases that achieve best value for the organisation.

Use of a purchasing card is a legitimate way to buy goods and services under Council's Procurement Policy. However, the use of a purchasing card must not be a means of

circumventing purchasing procedures outlined in the Procurement Policy. Practices outlined by the Procurement Policy including requesting quotations, use of purchase orders wherever possible and limits on financial delegations must be followed at all times.

The allocation of purchasing cards will be limited to selected positions within the organisation where there is a demonstrated need and efficiency in purchasing goods and services for legitimate Council business through this means.

All card holders will be held personally accountable for the use of the purchasing card and must, at all times, comply with the policies and procedures outlined in this policy. Failure to do so may invoke an investigation and possible disciplinary action should an intentional breach of this policy be identified.

All expenditure limits and authorisation of payments must be made within the Officer's financial delegation limits.

There will be no cash advance facility activated on any purchasing card.

Frequent reviews of spending behaviour and transactions will be undertaken by the Finance department and Council's internal auditors as a means of ensuring the requirements of this policy are met.

This updated policy is inline with Council Plan 2021-25 Strategic focus – Live, Access, Connect via enabling council services.

### **3. APPLICATION OF THIS POLICY**

This policy and its procedures apply to all Strathbogie Shire Council staff and specific provisions apply to purchase card holders. Policy does not apply to Councillors unless they hold a purchase card. The policy aims to achieve the following:

- employees understand the obligations of being a cardholder
- no one other than the cardholder uses the card to purchase goods or services
- only goods and services relating to legitimate Council business are procured using a purchasing card
- there are strict controls to limit the use of purchasing cards
- there is a clear separation of duties between the cardholder purchasing goods and services and the Authorisation Officer reviewing and approving acquittals of the expenditure
- there are strict internal controls to review, monitor and report on the use of purchasing cards.

### **4. ACCOUNTABILITY AND RESPONSIBILITIES**

All purchasing card holders and process owners are responsible for applicable parts of the policy. All the card holders should read and understand this policy.

Following are the key groups and their functions.

#### **Purchasing Card Administrator**

Responsibility for the corporate purchasing card facility rests with the Director People and Governance who shall nominate an administrator for the facility to be known as the Purchasing Card Administrator, who shall facilitate its use across Council.

The Purchasing Card Administrator will be responsible for administering the purchasing card system including:

- ordering and cancelling purchasing cards
- destroying cards upon cancellation
- requesting replacement cards
- ensuring that the credit limit for each cardholder matches the officer's financial delegations
- variation of credit limits following changes to financial delegations
- maintaining and updating the Purchasing Card Register
- ensuring new card holders sign the Cardholder's Undertaking Form and that once signed, the form is saved in Council's EDRMS with the document number noted on the Purchasing Card Register
- education and training of cardholders
- monitoring the purchasing card system to ensure its effectiveness in supporting Council's usual purchasing processes
- monitoring and auditing purchasing card activity and limits on a monthly basis and advising the Director People and Governance of issues or non-compliance with this policy
- ongoing review and refinement of the administrative processes associated with the operation of the card facility within the Council, in association with the Director People and Governance
- review of this policy, its procedures and forms as required.

### **Authorisation Officers**

An Authorisation Officer is required to assist with and monitor the cardholder's access to the purchasing card and approve expenditure through the monthly acquittal process.

The Authorising Officer will usually be the line Manager/Team Leader, Chief Financial Officer, Director People and Governance or Chief Executive Officer depending on the position of the cardholder.

The Authorising Officer must not have had any involvement in the purchase of the goods or service other than authorising its procurement so that there is clear segregation of duties between the purchase and the approval of the purchasing card's use.

The Authorising Officer must only approve expenditure within their financial delegation limits.

The Authorisation Officer is responsible for:

- reviewing written requests for the issue of a purchasing card, in partnership with the Chief Executive Officer and Chief Finance Officer
- being a witness to the signing of the Cardholder's Undertaking Form by an officer prior to being issued with a purchasing card
- helping ensure no one other than the cardholder uses the purchasing card
- providing guidance to the cardholder to ensure compliance with this policy
- pre-approving the use of the purchasing card where possible to ensure there are no other efficient payment alternatives
- reviewing monthly acquittal statements, verifying that the documentation provided is satisfactory and that the requirements of this policy are met

- ensuring expenditure is within the card holder's financial delegation limits
- investigating any suspected misuse or unauthorised transactions immediately
- reporting repeated use of Statutory Declarations to the Chief Executive Officer for further investigation.

### **Authorisation Officers for the Chief Executive Officer**

Where the cardholder is the Chief Executive Officer, the Director People and Governance is the Authorisation Officer and must review, then co-sign the monthly acquittal statement.

Any expenditure by the Chief Executive Officer must be forwarded to the next available Audit Committee by the Director People and Governance for review.

### **Cardholders**

Cardholders must be willing to accept personal responsibility for the use and security of the purchasing card.

Prior to being issued with a purchasing card each cardholder must:

- sign a Cardholder's Undertaking Form as set out in the Forms section of this policy; once signed this form will be placed on the Officer's personnel file in Council's EDRMS and its document number noted on the Purchasing Card Register
- create a PIN if required and keep this number confidential and secure at all times
- carefully read the Cardholder's Undertaking Form and understand his or her responsibilities to ensure that the card is used in accordance with this policy at all times
- understand the authorised spending limits attached to the card and the cardholder's financial delegations
- immediately sign the back of the purchasing card upon issue
- agree to ensure that no other person will be given use of the card and that should such unauthorised use occur, that the cardholder is personally liable for such use unless the card has been reported as lost or stolen or the use is due to third party fraud
- acknowledge that any alleged misuse of the card will be immediately and fully investigated and that any breach of this policy may result in access to the purchasing card being denied and formal disciplinary action being taken under Council's Disciplinary CEO Directive
- understand that the issue of a purchasing card does not affect the individual's credit rating as the card is issued on behalf of Council and expenditure strictly relates to Council related business.

The cardholder must, upon being presented with a monthly acquittal statement for the purchasing card:

- attach detailed documentation, including itemised tax invoices and purchase order references, for each transaction identified on the statement
- ensure expenditure is allocated to the correct cost centre within the department's ledger
- Complete all the requirements in the ProMaster system and it will workflow to the authorising officer.

Should an itemised tax invoice be lost or not available, the cardholder must sign a statutory declaration identifying how the transaction related to Council business (see Forms section for template).

Repeated use of statutory declarations by a cardholder (i.e. up to three (3) times in 12 months) must be referred by the Authorisation Officer to the Chief Executive Officer, who will instruct an internal review to be undertaken to determine whether or not the card should be withdrawn and destroyed. The limit on statutory declarations excludes special circumstances where a tax invoice is not able to be supplied (e.g. private car parking facilities or where machines are faulty). Should this occur, then the staff member should try to obtain other evidence to support the expense, such as a photo of the machine display.

## **5. USE OF THE PURCHASING CARD**

The cardholder must ensure the following occurs prior to using a purchasing card:

- the use of the purchasing card has been identified as the best and most efficient means of procuring the goods or services
- the requirements of Council's Procurement Policy have been met.

When using the purchasing card, the cardholder must ensure:

- Purchases are in line with procurement policy, sustainability and climate change provisions in other policies.
- that if the only alternative is to make the payment by phone, the date and time the payment is made and the name of the person performing the transaction at the supplier end are noted for entry on the acquittal statement
- that when goods ordered using a purchasing card are delivered to Council the cardholder checks the goods against the purchase order (if one has been issued); if the cardholder is not available, the Authorising Officer must check the goods
- the card must not be used as an alternative for staff to seek reimbursement for minor work related expenses
- purchases are not made in foreign currency unless approved by the Chief Executive Officer or Director People and Governance
- purchasing cards are not to be used when the cardholder is on any form of leave or out of operating hours, unless in cases of an emergency where use has been approved in writing by the Authorising Officer, Chief Finance Officer, Director People and Governance or Chief Executive Officer
- the purchasing card is not to be linked to any personal online accounts such as Paypal, Uber or Myki.

The cardholder is personally responsible for ensuring that the purchasing card is never, under any circumstances, used for any of the following:

- purchases of goods or services covered by alternate purchase card arrangements such as a fuel card\*
- car washes/valeting for Council vehicles with the exception of the Operations Manager or a Team Leader in the Operations department (for cleaning of pool cars or cars prior to sale or reallocation)
- a cash advance
- to pay a fine or infringement

- to purchase IT equipment unless the cardholder is the Manager Digital Information and Technology
- purchase of goods or services for personal use
- purchase of alcohol
- purchase of meals (except where the meals are part of an accommodation package and can be itemised on the tax invoice from the accommodation provider)
- any form of gambling
- purchase of gifts for a supplier or contractor to Council
- purchase of gifts for any other person.

- \* A purchasing card may only be used to purchase fuel for a Council vehicle in an emergency situation where, for some reason, the fuel card fails to work. Should this occur, a receipt stating the transaction was denied must be obtained and attached to the purchasing card acquittal form. Should this occur, the purchasing card holder must, without delay, notify the Chief Finance Officer that the card is faulty and request a replacement card.
- The purchasing card may be used on the rare occasion where fuel for a loan car (for example while a Council car is being repaired) or hire car subject to the approval of the Director People and Governance.

## **6. LOST, STOLEN OR DAMAGED CARDS**

A cardholder must immediately report a lost or stolen purchasing card to the Commonwealth Bank or by calling 13 1576 or +61 2 9009 0593:

Instructions as to how to make a report can be found at:  
[Business credit cards \(commbank.com.au\)](https://www.commbank.com.au/business-credit-cards)

Following notification of the bank, the cardholder must also immediately advise the Director People and Governance and the Purchasing Card Administrator that the card has been lost, damaged or stolen.

The Purchasing Card Administrator must update the Purchasing Card Register accordingly.

## **7. CARDHOLDER TERMINATION**

If the cardholder ceases employment with Council or moves to another role that is not authorised to hold a purchasing card, the following actions must be initiated:

- the cardholder is responsible for cancelling any automatic debit payments (e.g. subscriptions)
- the cardholder must return the purchasing card to the Purchasing Card Administrator prior to departure from Council
- the Purchasing Card Administrator must:
  - immediately destroy the purchasing card
  - note the destruction of the card and departure of the Officer in the Purchasing Card Register
- notify the Bank as soon as possible that the card has been destroyed and that the account for the card must be closed.



## **8. DISPUTED TRANSACTIONS**

The cardholder is responsible for the validation and reconciliation of transactions on the monthly acquittal statement in the ProMaster system.

If a transaction is disputed and cannot be resolved by the cardholder or the supplier, the cardholder must notify their Authorising Officer immediately, with a written account and evidence of the circumstances around the transaction. The acquittal statement containing the disputed transaction must also be provided.

The cardholder must then lodge a dispute with the Bank. The Director People and Governance and the Purchasing Card Administrator must be immediately advised of the lodgement of the dispute.

Disputed transactions must be lodged as soon as the item is identified on the acquittal statement by the cardholder.

### **Refunds**

Cardholders must not request or accept cash refunds where purchases were made with the purchasing card. All credits must be made back to the purchasing card.

## **9. GOODS AND SERVICES TAX**

The goods and services tax (GST) applies to purchasing card transactions.

To ensure that GST input tax credits are correctly claimed all purchasing card transactions must be supported by a tax invoice from the supplier containing the following details:

- the supplier's identity (legal name, trading name as it appears in the Australian Business Register)
- the supplier's ABN
- a brief description of each item sold or service provided, including the quantity (if applicable) and the price of what was sold
- the GST amount payable for each sale, which may be shown separately
- the date the tax invoice was issued.

## **10. FRINGE BENEFIT TAX**

In the unlikely event that the purchasing card is used for transactions subject to fringe benefit tax (FBT), cardholders must provide information to enable the Finance department to record fringe benefits provided to Council employees.

## **11. AUDITING AND REPORTING**

### **Monthly auditing**

The Finance department will review a random sample of purchase card transactions each month to identify:

- levels of compliance with this policy
- if purchases and approval of expenditure are within the financial delegations of the cardholder and the Authorisation Officer respectively
- if there are any unusual transaction patterns
- if the transaction matches the details of pre-approved purchases or a purchase order

- if the cardholder has inspected the goods upon delivery
- if there are other more suitable payment options for the procurement of the same goods or services in the future
- if a card has been used when the cardholder is on leave or on weekends/public holidays
- any other potential form of misuse of the purchasing card.

The findings of this audit will be reported to the Director People and Governance who, in turn, will provide a report to the Executive Management Team.

Should any transactions or behaviours of concern be identified, the Purchasing Card Administrator must immediately notify the Chief Executive Officer and Director People and Governance, who will then commence a further internal investigation.

### Internal Audits

Council's independent internal auditors will undertake annual-cyclical reviews of purchasing card transactions as part of the ongoing audit program. The audit will include the employment of data mining software to identify anomalies.

Findings of these audits are then reported to Council's Audit Committee.

### Reporting Of CEO Expenses

A quarterly report of transactions for the purchasing card issued to the Chief Executive Officer will be presented to the Audit Committee.

A quarterly report will be generated by the Purchasing Card Administrator for review by the Chief Executive Officer and Director People and Governance.

The Director People and Governance will then forward the report to the next available Audit Committee meeting.

## 12. DEFINITIONS

Term	Meaning
Acquittal Statement	means the statement of transactions for the preceding month that allows for the recording of relevant purchasing card spend for budgeting, taxation and policy compliance purposes, as well as allocating costs and providing the relevant supporting documentation.
Authorisation Officer	means a person other than the card holder nominated by the Chief Executive Officer through delegation to approve expenditure using a purchasing card.
Cardholder	means an Officer authorised by the Chief Executive Officer to hold a purchasing card for the procurement of goods and services on behalf of Council.
Cardholder's Undertaking Form	means the form signed prior to the issue of a purchasing card by the cardholder, and witnessed by the relevant Authorised Officer, requiring the cardholder to acknowledge their responsibilities and understanding of this policy; this

	form enacts the financial delegations for purchasing cards for the cardholder
Card provider	means the approved bank supplying the purchasing card facility account.
Disciplinary CEO Directive	means the Disciplinary CEO Directive dated April 2019, as amended from time to time.
Council	means the Strathbogie Shire Council
EDRMS	means Electronic document records and management system (currently Infowise)
Facility account	means the individual purchasing and settlement facility between the card provider and Council.
Financial delegations	means the instrument of delegation for certain financial transactions and procurement
Official Council business	means purposes that are in direct connection with, or are a direct consequence of, the cardholder's functions and duties as an Officer employed by Strathbogie Shire Council.
Purchasing card	means any type of purchasing card used for the purchase of generic goods and services for official Strathbogie Shire Council business. It includes a purchasing card issued to the employee in the name of the Council.
Purchasing Card Administrator	means the person nominated by the Chief Executive Officer to oversee the purchasing card system in accordance with this policy (or any person nominated to act in that role on a temporary basis).
Purchasing Card Register	means a register maintained in Council's EDRMS with the details of all purchasing cards issued to Council officers by the Purchasing Card Administrator.
the Act	means the <i>Local Government Act 1989</i> .
Unauthorised use	means any instance of non-compliance with this policy as a result of the card being lost or stolen or because of Fraud on the part of some third party.

### 13. RELATED POLICIES AND LEGISLATION

The following Council, State, regional and national plans and policies are relevant to this policy under each subtitle.

- The *Local Government Act 2020*
- Fraud and Corruption Controls – Local Government, Victorian Auditor General of Victoria, June 2019
- Procurement Policy and Procurement Procedures
- Fraud and Corruption Policy
- Staff Code of Conduct
- Discretionary Expenditure Policy and Guide
- Council's Instruments of Delegation, particularly the Financial Instrument of Delegation

### 14. POLICY REVIEW

Council may review this policy at any time and at least two years from the date of adoption.

Minor amendments to the policy may be authorised by the CEO at any time where such changes do not alter the substance of the policy (e.g. a change to the name of a related document, or a change in legislation).

This policy will be reviewed every two (2) years unless the Chief Executive Officer or Council determines that an earlier review is required.

## **15. CHARTER OF HUMAN RIGHTS AND RESPONSIBILITIES ACT 2006 AND THE EQUAL OPPORTUNITY ACT 2010**

The Council acknowledges the legal responsibility to comply with the Charter of *Human Rights and Responsibilities Act 2006* and the *Equal Opportunity Act 2010*. The *Charter of Human Rights and Responsibilities Act 2006* is designed to protect the fundamental rights and freedoms of citizens. The Charter gives legal protection to 20 fundamental human rights under four key values that include freedom, respect, equality and dignity.

## PART 2 PROCEDURES

### 16. FORMS



#### REQUEST FOR CORPORATE PURCHASING CARD

Nominated cardholder name:	
Position title:	
Department:	
Does the position have a purchasing card allocated to them under the Financial Instrument of Delegation?	Yes/No
If yes, what is the card limit identified in the Financial Instrument of Delegation	\$
If no, what is the proposed card limit to be added to the Financial Instrument of Delegation?	\$

#### Declaration by proposed cardholder:

I confirm that I understand the responsibilities of a cardholder under Council's Purchasing Card Policy and that I am prepared to sign a Cardholder's Undertaking Form should I be issued with a purchasing card.

**Officer's name:** .....

**Officer's signature:** .....

**Date:** .....

**Manager's name:** .....

**Manager's signature:** .....

**Date:** .....

**Chief Executive Officer/Director signature:** .....

**Date:** .....

**Finance Department Use – Purchasing Card Administrator:** .....

<b>Does the financial instrument of delegation need amendment prior to the issue of a purchasing card?</b> The limit under the financial instrument of delegation must be the limit for the purchasing card.	
<b>Approval and cardholder's details entered onto the Purchasing Card Register:</b>	Date:
<b>Purchasing card ordered and details placed on Purchasing Card Register:</b>	Date:



## CARDHOLDER'S UNDERTAKING FORM

Cardholder name: .....

Position: .....

Financial delegation limit for  
purchasing card transactions:.....

### DECLARATION

I (name) ..... acknowledge that I have read and understood the requirements of the Strathbogie Shire Council Purchasing Card Policy and will act in accordance with that policy at all times.

I confirm that I have been briefed on all aspects of the operation and use of the Strathbogie Shire Council purchasing card by the Purchasing Card Administrator.

I understand that random and regular audits will be undertaken of purchasing card use on a monthly basis.

I understand that any alleged or perceived misuse of the purchasing card will be independently investigated and may lead to action being taken under the Disciplinary CEO Directive.

..... Date:    /    /

Signature of *cardholder*

*Name of Cardholder*

Authorisation Officer (name): .....

Authorisation Officer's signature: .....

Purchasing Card Administrator signature: .....

### Finance Department use only:

EDRMS document reference for signed Undertaking Form: .....

Date entered onto the Purchasing Card Register: .....

## Statutory Declaration

I, \_\_\_\_\_ (full name)

of \_\_\_\_\_

(address)

am employed by Strathbogie Shire Council in the position of

\_\_\_\_\_.

do solemnly and sincerely declare that I have made the following purchases using a purchasing card issued to me:

\_\_\_\_\_.

\_\_\_\_\_.

\_\_\_\_\_.

from the following Supplier: \_\_\_\_\_

Supplier's ABN: \_\_\_\_\_

on (date of purchase) : \_\_\_\_\_.

The legitimate Council business the purchase related to was:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_.

I declare that the reason I do not have a tax invoice for this purchase is:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_.



I declare that this purchase complies with all Council policies, procedures and CEO Directives.

**I acknowledge that this declaration is true and correct, and I make it with the understanding and believe that a person who makes a false declaration is liable to the penalties of perjury.**

Declared at: \_\_\_\_\_

this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_

Signature of person making this declaration: .....

(to be signed in front of an authorised witness)

Before me,

.....

Signature of Authorised Witness

The authorised witness must print or stamp his or her name, address and title under section 107A of the *Evidence*

*(Miscellaneous Provisions) Act 1958* (as of 1 January 2010), (previously *Evidence Act 1958*), (e.g. Justice of the Peace, Pharmacist, Police Officer, Court Registrar, Bank Manager, Medical Practitioner, Dentist). The authorized witness must not be a Senior Officer of the Strathbogie Shire Council.