

3.5 C-3CCC05 – Purchasing Cards

PART A - Policy

Objective

To ensure that adequate controls exist for the use of purchasing cards and the appropriate use of purchasing cards by Shire staff is outlined.

Scope

This policy is relevant and applies to all ongoing and fixed term employees of the Shire.

Policy Statement

To enable the Shire to transact its business in an efficient manner, it may be cost effective and convenient to utilise purchasing cards (corporate credit card or fuel card) as opposed to a pre-purchase or a purchase and reimbursement process. The use of purchasing cards shall only be approved if there is a demonstrated need and advantage to the Shire, including a reduction in the administrative burden and time spent on paper-based payments.

Purchasing cards should be recognised as a valuable tool for enhancing day-to-day operations of the Shire and not as a benefit assigned to specific individuals.

Corporate credit cards are not to be used for private expenditure under any circumstances.

Applications for purchasing cards and approval

- All applications for purchasing cards shall be approved by the Executive Manager of Corporate and Community Services (EMCCS) or the Chief Executive Officer (CEO).
- The EMCCS or CEO will determine the conditions for use and maximum credit limit.
- The Shire President is responsible for approving the application, conditions of use and maximum credit limit for the CEO.
- There are no provisions within the Local Government Act 1995 (the Act) which allow an elected member to incur a debt, which would be the case with a corporate credit card or fuel card.

Eligibility:

The Shire may issue purchasing cards to an ongoing or fixed term employee of the Shire that have a demonstrated need to purchase goods and services.

Making purchases:

- Purchasing cards shall only be used for purchasing goods and services on behalf of the Shire.
- A credit cardholder must retain tax invoices and evidence of approval of expenditure to allow the validity of the purchase to be determined.
- A fuel cardholder must provide their odometer reading at time of payment to allow the validity of the purchase to be determined.
- If an employee intends to make a purchase on behalf of a credit cardholder, they are required to complete the credit card purchase declaration form which requires the cardholder to approve the purchase (see Attachment 1).

Misuse of purchasing cards:

Using purchasing cards for personal expenditure, cash withdrawals and personal entertainment purposes are all considered misuses.

Misuse of purchasing cards will result in the Chief Executive Officer withdrawing the authority to use the purchasing card and taking disciplinary action. The Shire will seek reimbursement for unauthorised use debited to the card by the Cardholder.

Reporting to Council:

As per Section 13A, *Local Government (Financial Management) Regulations 1996*, a list of payments made using a purchasing card must be prepared each month showing the payee's name, amount and date of the payment and sufficient information to identify the payment for each payment.

The list must be presented to the council at the next ordinary meeting of the council after the list is prepared.

Roles and responsibilities

Accountant and Assistant Accountant:

- Maintain a register of purchasing cardholders.
- Contribute to the development of good practice cardholder processes and policies.
- Conduct purchasing card reconciliations.
- Coordinate the cardholder approval process.
- Reconcile the cardholder's sale dockets against the billing statement.
- Provide written notice of any changes made to a cardholder's billing limits.
- Prepare a list of payments made using each purchasing card each month and present to Council.

EMCCS:

- Lead the development of good practice cardholder processes and policies.
- Approve purchasing card applications.

CEO:

- Approve purchasing card applications.
- Review and approve cardholders monthly spending.
- Undertake disciplinary action, when required.

Ongoing and fixed term officers:

- Comply with this policy and its support procedures.
- Ensure invoices are processed as a matter of urgency to ensure payment of the relevant account by the due date.

Definitions

Term/Phrase	Definition
Cardholder	The person in the organisation to whom the purchasing
Credit Card	A plastic card having a unique identification for each cardholder which enables goods to be obtained on credit from merchants which accept the card.
Credit Limit	The limit on the total value of transactions on each Purchasing Card in each billing period.
Fuel Card	A plastic card having a unique identification for each cardholder which enables fuel to be obtained on credit from merchants which accept the card.

Policy Number	
Adopted by Council	
Amended	

PART B – Credit Card Management Procedure

Conditions:

- No cash advances are to be made on the card.
- All approved purchase forms and tax invoices are to be submitted to the Accountant for reconciliation to be carried out on the account.
- Purchase forms and tax invoices must be submitted to the Accountant in a timely manner to ensure interest expenses are not incurred (at least monthly unless a shorter time period is specified on the tax invoice).
- Credit cardholders must follow all instructions outlined in the policy and management procedures.
- Credit cardholders must sign an Acknowledgement of Term and Conditions of Use form prior to receiving a credit card.

Objectives:

The objectives for using Credit Cards within the Shire include:

- To allow the Shire's suppliers to receive more timely payments.
- To reduce paperwork for both the Shire and its suppliers.
- To reduce the number of enquiries concerning unpaid accounts.
- To facilitate productivity gains to the various Departments within the Shire.
- To increase access to interstate and overseas payment methods.

Goods and services for which the credit card be used:

A Credit Card can be used to procure goods and services up to the financial limits approved and to which expenditure is authorised and provided for the Council.

Authorised card holders and their credit limits are as follows:

Position	Monthly Credit Limit
Chief Executive Officer	\$6,000
Executive Manager Development Services	\$5,000
Executive Manager Corporate and Community Services	\$5,000
Executive Manager Infrastructure	\$5,000

If an authorised cardholder has reached their monthly credit limit, the cardholder must notify the Accountant. If the cardholder is required to procure additional goods and services which exceed the cardholder's credit limit, the Accountant may conduct a mid-month reconciliation and payment if deemed necessary.

Credit Cards may be used for the following:

- Costs in relation to attendance at approved conferences, seminars and training where such attendance is directly related to the person's performance of duties under their contract of employment.
- Subscriptions and publications relevant to the Shire's operations.
- Entertainment (see the entertainment section below) on occasions deemed appropriate by the cardholder.
- Entertainment (see the entertainment section below) on occasions that the cardholder considers it necessary to perform the duties of their employment.
- Other purchases directly related to the person's performance of duties under their contract of employment.

Entertainment Expenses – Fringe Benefits Tax

Entertainment expenses are expenses incurred in respect of food, drink or recreation.

For nominated credit cardholders, this relates to the purchase of food and beverages only, on occasions which have the potential to provide a benefit to the Shire and when accompanied by stakeholders on the Shire, including industry colleagues, business associates, Government representatives, Elected Members and/or Staff.

GST

GST will be payable on all items purchased where applicable.

General Information:

- While a credit card will be issued in an individual's name, all transactions made are the responsibility of the Shire.
- The use of a card will in no way affect an individual's personal credit rating.
- A card is issued to an employee on the condition that it will only be used for authorised purposes directly related to the employee's performance of duties under their contract of employment.
- Under no circumstances is the credit cardholder entitled to use the card for personal or private use.
- The cardholder is at all times responsible for and accountable to the Shire for use of the credit card.
- Any unauthorised use on the card may result in disciplinary action to the cardholder.
- Prior to receiving the card, an employee will be required to sign a statement acknowledging the limitations of the card and the responsibilities for its care and use.
- The card is:
 - Not be used to withdraw cash.
 - Not to be used to purchase goods and services where the Cardholder may gain private advantage through the transaction.
 - To be used only as authorised.
 - To be used only for purchases which funds have been provided for in the Budget or approved by a member of the Executive.
- It is necessary for the Cardholder to ensure that a proper description of the goods/service is recorded on the sale docket when issued. This information includes:
 - A brief description of the goods.
 - The name of the supplier/merchant.
 - The exact value of the transaction.
 - The date of purchase of the goods or service.
- If a valid receipt is not issued, the cardholder will be required to submit a declaration to the Accountant.
- In the event of the card being lost or stolen, the cardholder must immediately notify Bankwest and the Accountant.
- If the cardholder disagrees with any transaction on the billing statement, the cardholder must advise the Accountant in writing, as soon as they are aware of the issue.
- Cardholders must return the card to the Accountant immediately if they:
 - Resign or have their employment terminated.
 - Are instructed to relinquish the card.

PART C – Fuel Card Management Procedure

Conditions:

- No cash advances are to be made on the card.
- A fuel card is only to be used for the purchase of fuel, not other consumables.
- Fuel cardholders must follow all instructions outlined in the policy and management procedures.
- Fuel cardholders must sign an Acknowledgement of Term and Conditions of Use form prior to receiving a credit card.
- A fuel card can only be used by an employee to fill up a Shire-owned vehicle.

Objectives:

The objectives for using fuel cards within the Shire include:

- To allow the Shire's suppliers to receive more timely payments.
- To reduce paperwork for both the Shire and its suppliers.
- To reduce the number of enquiries concerning unpaid accounts.
- To facilitate productivity gains to the various Departments within the Shire.

Goods and services for which the fuel card be used:

A Fuel card can only be used to purchase fuel (diesel, petrol or gas) for a Shire-owned vehicle or machine.

There are no daily limits on fuel cards, however, employees are required to give their odometer reading, for vehicles, at point of payment.

GST

GST will be payable on all items purchased where applicable.

General Information:

- While a fuel card will be issued in an individual's name or to a vehicle/piece of equipment, all transactions made are the responsibility of the Shire.
- The use of a fuel card will in no way affect an individual's personal credit rating.
- A fuel card is issued to an employee on the condition that it will only be used for authorised purposes directly related to the employee's performance of duties under their contract of employment.
- Under no circumstances is the fuel cardholder entitled to use the card for a private vehicle.
- The cardholder is at all times responsible for and accountable to the Shire for use of the credit card.
- Any unauthorised use or excessive amounts on the card may results in disciplinary action to the cardholder.
- Prior to receiving the card, an employee will be required to sign a statement acknowledging the limitations of the card and the responsibilities for its care and use.
- The card is:
 - Not be used to withdraw cash.
 - Not to be used to purchase goods and services where the Cardholder may gain private advantage through the transaction.
 - To be used only as authorised.
- In the event of the card being lost or stolen, the cardholder must immediately notify the Accountant.
- Cardholders must return the card to the Accountant immediately if they:
 - Resign or have their employment terminated.
 - Are instructed to relinquish the card.

Attachment 1

CREDIT CARD PURCHASE DECLARATION

Name of person who made the purchase: _____

Company / business purchased from: _____

Description of purchase: _____

Amount: _____

Date of purchase: _____

Signature authority of purchase: _____

ATTACH THE TAX INVOICE

CODE TO THE FOLLOWING ACCOUNT	
G/L	
DEPT	
ACTIVITY	
LOC	

Name of credit cardholder: _____

Signature of credit cardholder: _____

Date signed: _____

Attachment 2

CARDHOLDER ACKNOWLEDGEMENT

Acknowledgement of Terms & Conditions of use - Council Credit Card

I, the undersigned hereby acknowledge receipt of Shire Policy "Policy 3.5 – Purchasing Card" and associated Procedures.

As an authorised requisitioning officer, I am aware of the Shire's general purchasing policies. As a card holder of a Shire of Dandaragan Corporate Credit Card, I hereby acknowledge that I have read the terms and conditions which must be adhered to, as listed in the general Instructions and procedures for use of the Corporate Credit Card, a copy of which I have been provided with for my own use and information.

Signed: _____

Date: _____

Name: _____

Position in Organisation: _____