



# PURCHASE CARD POLICY & PROCEDURE

Approval Date:	30 April 2019
Review Date:	April 2020
Responsible Officer:	General Manager

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## Objective

Corporate Purchase (Credit) cards are a routine aspect of Council's accounts payable and goods procurement functions. When used appropriately, purchase cards provide benefits to Council in the form of streamlined purchasing processes and better utilisation of resources. However, the use of purchase cards involves the potential risk of fraud and misuse. This policy along with the associated procedures document establishes guidelines in order to protect Council funds and to maintain public confidence in Council's operations.

Council officers with purchase cards are to comply with these instructions. It is the responsibility of each employee to understand the policies and procedures as well as their meaning and intent. Should an employee have any questions they are to be raised with the General Manager.

In observing this policy and the attached Purchase Card Procedures document, Council officers will ensure that they are making a meaningful contribution to Council's objectives which in turn contribute to meeting Council's Mission.

## Council Policy Reference

Purchase Card Policy

## Statutory Requirements

[Local Government Act \(NSW\)1993](#)

[Local Government \(General\) Regulation 202105](#)

[Castlereagh Macquarie County Council Procurement of Goods and Services Policy](#)

## Definitions

A Purchase Card is a bank issued credit card in the name of Castlereagh Macquarie County Council. The card also carries the name of the Council Officer to whom it was issued. Each card has an individual security PIN that is known only to the cardholder.

## Policy Statement

### DELEGATION OF AUTHORITY

The Council delegates to the General Manager the authority to incur financial expenditure on behalf of Council under the following provisions:

- Where expenditure has been provided for in Council's budget; or
- Genuine emergency or hardship.
- Other officers may only incur expenditure on behalf of the Council if:

- The officer has been granted a financial delegation by the General Manager and
- Expenditure is provided for in Council's budget; or
- In the case of genuine emergency, or hardship where the power to incur expenditure in these circumstances has also been delegated

The General Manager must approve financial delegations in writing by recording them in the Delegations Register.

## **ELIGIBILITY**

The provision of a corporate purchase card is a facility offered by Council to officers occupying certain positions from time to time. The officers occupying these positions will be designated by Council as being eligible under this policy.

Council reserves the right to amend, alter or vary the list of eligible positions from time to time.

Where an officer occupies a position subject to change, such officer will be consulted and a period of at least one calendar month of notice shall be given of the change.

The General Manager has the right to cancel corporate purchase cards in circumstances that he/she considers warranted.

## **CREDIT LIMITS**

The maximum credit limit for a Castlereagh Macquarie County Council corporate purchase card shall be up to \$10,000 for the General Manager and other I cardholders a limit of \$5,000. The General Manager shall have the authority to determine, within this limit, the credit limits for individual card holders.

## **CIRCUMSTANCES IN WHICH CARDS MAY OR MAY NOT BE USED**

Corporate Purchase cards must only be used for the payment of goods and services associated with Council business. Activities that would **not** qualify for the use of a corporate purchase card include the following:

- Any use that is of a personal or private nature;
- No cash advances are available from automatic teller machines or over the counter and BPay facilities are not available.
- The card is not to be linked to any form of award points and any personal award card or membership should not be used in conjunction with the use of the Purchase Card (eg, Mitre 10 Rewards, Woolworths Rewards, and Frequent Flyer).
- A tax invoice is required to be obtained for every purchase you make. This is required in reconciliation of the Purchase Card transaction.
- If a transaction is done by telephone or by mail order, the cardholder will need to ensure that an appropriate tax invoice is obtained from the supplier and included with the reconciliation.

Where inappropriate expenditure occurs, the value of the expenditure shall be recovered from the card holder. Should there be an accidental transgression, the General Manager is to be notified and the Council reimbursed immediately.

## **FORMAL ACKNOWLEDGEMENT OF POLICY CONDITIONS**

Council officers issued with corporate purchase cards are in a position of trust with regard to the use of public funds. Improper use of that trust may render the cardholder liable to disciplinary action, legal action or criminal prosecution. All purchase card holders are to acknowledge receipt of the purchase card and instructions for use. The acknowledgement will include a signed agreement to abide by all Council and card supplier guidelines and conditions of use.

## **PURCHASE CARD GUIDELINES AND PROCEDURES**

Please refer to the attached Purchase Card Procedures Document.

## **ANNUAL REVIEW OF PURCHASE CARD FACILITY**

The Administration Officer is to prepare a written report on an annual basis at 30 June to the General Manager that includes details of:

- Expenditure for the year to date in summary form;
- Any matters indicating the efficiency or effectiveness of the corporate purchase card eg card not used;
- Action taken in response to issues raised in the report; and
- The results of action taken in response to issues raised in previous reports.

## **COMPLAINTS**

Those persons wishing to lodge a complaint regarding the Corporate Purchase Card policy and procedures at Castlereagh Macquarie County Council should forward their written complaint to the following address:

General Manager  
Castlereagh Macquarie County Council  
55 Fox Street  
Walgett NSW 2832

## **PURCHASE CARD PROCEDURES**

### **1.0 Objective**

- 1.1 Ensure effective controls, procedures are in place with respect to the use of Castlereagh Macquarie County Council Purchase Cards.
- 1.2 Fulfil all statutory requirements of the Local Government Act with respect to the use of Purchase Cards.

### **2.0 Related legislation/Policies**

Local Government Act 1993

Local Government (General) Regulations 2021

Castlereagh Macquarie County Council Procurement of Goods and Services Policy

### **3.0 Definitions**

A Purchase Card is a bank issued credit card in the name of Castlereagh Macquarie County Council. The card also carries the name of the Council Officer to whom it was issued. Each card has an individual security PIN that is known only to the cardholder.

### **4.0 Purchase Card Summary**

Purchase cards have been implemented to allow the Council to transact its business in a more efficient manner and at the same time provide Council Officers with a more convenient method to meet costs they incur on Council's behalf.

Purchase cards should be recognised as a valuable tool for the efficient and effective operation of Council's daily business and not as a benefit assigned to specific individuals. The use of Purchase Cards will create savings in staff administration time in matters such as arranging transport, accommodation and registration for attendance at conferences and small local purchases. It will reduce the number of creditors created for one-off purchases. The procurement rules are the same for transactions using purchase cards as any other type of transaction. The cardholder must be satisfied these requirements are met this will mean that the purchase is necessary and the best value for money has been obtained.

Internal controls around purchase cards are detailed in these guidelines and include a monthly reconciliation process.

### **5.0 Purchase Card Guidelines/Procedures**

#### **5.1 Issuing of Cards**

The General Manager has delegated authority to authorise the issuing of Purchase Cards to staff.

Before a Castlereagh Macquarie County Council staff member can become a cardholder it will be necessary for that person to provide adequate proof of identity to satisfy the Bank's requirements of at least 100 identification points.

The Administration Officer will be responsible for obtaining approval of the General Manager for the issue of a card and this will be recorded on a "Cardholder Approval and Acknowledgement" form (Attachment 1). Each cardholder will be required to sign this form on receipt of the Purchase Card and acknowledge these procedures.

## 5.2 Card Security

The physical security of the card is the cardholder's personal responsibility.

Purchase Cards must be signed immediately upon receipt, as an unsigned card is a security risk.

## 5.3 Restrictions

Purchase Cards are for official Council business and are not to be used for personal expenses under any circumstances. If the Purchase Card is used in error for a personal expense the employee must notify the General Manager immediately and reimburse Council as soon as possible.

A cardholder must not allow another employee or person to use their card and hence PIN numbers must not be given to any other employee or person. Notwithstanding this, the cardholder can approve a telephone credit card purchase made by another employee on behalf of Council. The purchaser (employee) must seek prior approval from the cardholder and shall complete the credit card reconciliation sheet immediately after completing the purchase. The tax invoice and reconciliation sheet is then given to the cardholder for signature and subsequently lodged with the Administration Officer.

Purchase Cards should only be used for purchases of fuel for Council Vehicles in an emergency ie where a Caltex Service Station is not available or the fuel card is not working. Staff should use their vehicle's fuel card for normal fuel purchases.

Purchase Cards are not to be used for uniforms or protective clothing/equipment which is available through a monthly account.

Use of the Purchase Cards for purchases over the internet should be restricted to trusted secure sites.

Third party travel websites should not be used for bookings with the Purchase Card (eg Web jet or Agoda) as a tax invoice may not be issued by the website.

The cardholder will be personally liable for expenditure that cannot be shown to be related to the business of Castlereagh Macquarie County Council.

## 5.4 How Do I Use It?

Purchase Cards are to be used as a normal credit card, with the allocated PIN number required to make any purchase.

No cash advances are available from automatic teller machines or over the counter and BPay facilities are not available.

The card is not to be linked to any form of award points and any personal award card or membership should not be used in conjunction with the use of the Purchase Card (eg, Mitre 10 Rewards, Woolworths Rewards, and Frequent Flyer).

A tax invoice is required to be obtained for every purchase you make. This is required in reconciliation of the Purchase Card transaction.

If a transaction is done by telephone or by mail order, the cardholder will need to ensure that an appropriate tax invoice is obtained from the supplier and included with the reconciliation.

Tax invoices must contain the components in order to comply with taxation law and allow Council to claim an input tax credit for the GST paid.

All details of the purchase, including tax invoices are required to be obtained and retained to support the appropriate allocation of purchases when reconciling.

Use of the Purchase Card will require the user to abide by Council's purchasing policies including purchasing from Council's preferred suppliers wherever possible.

The credit limit of the individual card is not to be exceeded. The remaining credit limit can be ascertained at any time by contacting the Administration Officer.

#### 5.5 Purchases on the Internet

Ensure sufficient documentation is kept relating to the transaction you make to justify any expenditure claims, preferably showing the transaction or payment number as a reference, a tax invoice and ABN number if the provider of the goods or service is within Australia. Most reputable organisations will e-mail you a confirmation of your order. Keep details of the web address.

Ensure you are confident you know who you are dealing with and that you are dealing with a reputable company/organisation with a proven track record. Contact the provider prior to the transaction to confirm. If any doubt exists do not use that provider.

Keep passwords and usernames completely confidential. Any legitimate payment provider will never request details in regard to your pin number or password. Do not e-mail your credit card number to any provider.

Look for a padlock site or a solid key in the status bar at the bottom of the window to indicate you are on a secure page. These symbols mean the information you are sending is encrypted and cannot be read by other internet users.

Secure sites address box should start with https:// and NOT http:// Sites that start with https:// have an added encrypted transaction layer.

Do not click on the pop-up windows when making payment or go to different links on the site.

Overseas transactions increase the risk of fraud and should be avoided where possible.

#### 5.6 Payment of Monthly Account

The outstanding balance of each Purchase Card will be automatically debited to Council's bank account at the time the statement is issued.

#### 5.7 Reconciling Monthly Statements

Staff with Purchase Cards must obtain a tax invoice and attach it to the reconciliation sheet and sign that they have received the goods or services and hand to the Administration Officer.

All reconciliations must be done within one week of purchase.

#### **PLEASE NOTE:**

***Tax invoices are necessary to enable Council to claim back the GST each month.***

For FBT purposes, expenses relating to the provision of entertainment, including food and beverage, you must provide details of the total number of staff who attended, and the total number of attendees on the invoice.

As part of the audit process, a periodical review of the supporting documentation in respect of the monthly Purchase Card statement will be undertaken by the Administration Office

#### 5.8 Disputed Purchases

Council is responsible for paying all accounts on the monthly Purchase Card statements and the bank will debit this amount to the Council's bank account at the time of issuing the statement.

The Administration Officer is to be notified of all disputed transactions. The cardholder must complete the "Disputed Transactions" form and include it with the monthly reconciliation (Attachment 2).

When a dispute occurs, the cardholder should attempt to correct the situation with the merchant. In many cases a simple telephone call can clear up a problem without any delay. If unable to correct the situation, contact the Administration Officer. The Administration Officer will attempt to resolve the matter and may have to contact the bank for assistance.

The Administration Officer will liaise with the bank to help some disputes with merchants, particularly those involving duplicated charges, non-receipt of goods ordered or credits not processed after refund vouchers have been issued

#### 5.9 Terminating/Ceasing Employment and Extended Periods of Leave

Cards should be returned as soon as no longer required and if leaving the services of Council, should be returned to the General Manager, no later than the last day of employment. Cardholders must acquit all expenditure on the Purchase Card and produce all supporting documentation prior to leaving. In the case of Extended Periods of leave ie 6 weeks or more the Cardholder should hand in their card to the Administration Officer during their absence.

#### 5.10 Reporting Lost or Stolen Cards

If a card is lost or stolen it is the cardholder's responsibility to immediately telephone Council's Bank (Commonwealth Bank) to report the loss. Council's bank can be contacted 24 hours a day, 7 days a week on 1800 033 103.

The Administration Officer should be contacted immediately or advised by the next business day and the cardholder should then complete a "Lost or Stolen Cards" form (Attachment 3) and forward it to the Finance Unit.

A replacement card will be arranged and issued upon receipt from the bank.

#### 5.11 Replacement Cards

The card is valid for the period shown on the face of the card and Commonwealth Bank will automatically reissue replacement card to the Administration Officer one month prior to the expiry date. The Administration Officer will then distribute to the cardholder.

Should the cardholder require a replacement card that has been lost or stolen, they will need to complete a Replacement Cards form and sign the form (Attachment 4) on receipt of the new card.

#### 5.12 Implementation

The General Manager is responsible for the implementation of these procedures.

## Attachments

### Attachment 1

#### **Purchase Card Cardholder Approval and Acknowledgement**

<u>Approval</u> Cardholders Name:	
Position:	
Credit Limit (Monthly): \$	
General Manager	
Signature	Date:

<u>Acknowledgement</u>  I acknowledge receipt of the Castlereagh Macquarie County Council Purchase Card and agree that: <ol style="list-style-type: none"> <li>1 I will not use the Purchase Card, other than for official Council purposes.</li> <li>2 I will ensure security of the Purchase Card at all times.</li> <li>3 If the Purchase Card is lost or stolen, I will immediately report it missing to Council's bank and will also inform the Administration Officer.</li> <li>4 If my position with Castlereagh Macquarie County Council changes or my employment terminates, or I am asked to surrender the card for any reason, I will immediately return the card.</li> <li>5 I will retain all original supporting documentation that meets the requirements of a tax invoice for presentation to the relevant authorising officer.</li> <li>6 I will ensure that all Work Health &amp; Safety requirements are complied with for all purchases.</li> <li>7 I will ensure that adequate funds are available to cover expenditure before it is incurred.</li> <li>8 I will submit approved reconciliations and supporting documents within seven (7) days of using the Purchase Card.</li> <li>9 I will immediately sign the Purchase Card upon receipt of it.</li> <li>10 If I misuse the Purchase Card (ie use it in a manner otherwise than in accordance with the instructions provided) I may be liable for disciplinary action.</li> </ol>
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Card No:	Expiry Date:
Signature of Cardholder:	Date:
Witness Name (Print):	Signature:



**Attachment 2**

**Purchase Card  
Disputed Transactions**

*Note: This form is to be completed and forwarded to the Administration Officer with monthly reconciliation*

Purchase Card No:	
Cardholder's Name:	Date

Transaction Date	Supplier	Reason for Dispute	Amount

**Attachment 3**

**Purchase Card  
Lost or Stolen Cards**

*Note: This notification is on the loss or theft of a Castlereagh Macquarie County Council Purchase Card.*

*You are requested to telephone Council's bank immediately the loss is discovered.*

*The Administration Officer should be advised on the first business day and the following information completed.*

Details (Cardholder to complete)	
Purchase Card No:	
Cardholders Name:	
Details of Loss:	
Council's Bank notified (Date):	
Administration Officer notified on (Date)::	
Cardholder's Signature:	Date:

Financial Control (Administration Officer to complete)	
Council's bank notified:	
Purchase Card Register updated:	
New Card No:	
Date Received:	Signature:

**Attachment 4**

**Purchase Card  
Replacement Cards**

<b>Details (Cardholder to complete)</b>	
Name:	
Old Purchase Card No:	
Reason for Replacement:	
Cardholder's signature:	Date:

<b>Financial Control (Administration Officer to complete)</b>	
Council's bank notified:	
Purchase Card Register updated:	
New Card No:	
Date Received:	Signature: