



CREDIT CARD POLICY

1. SCOPE

1.1 The Credit Card Policy enables clear guidelines to be set and observed in relation to the allocation, use and management of Corporate Credit Cards for the purposes of conducting business on behalf of Council.

2. PURPOSE

2.1 Corporate Credit Cards are recognised as an efficient and flexible method of paying for goods and services in the public sector. They offer a convenient and highly traceable payment option, particularly for low value, day-to-day transactions and can substantially improve purchasing efficiency by reducing administrative costs.

3. POLICY

3.1 Credit Card purchases must comply with Council’s Purchasing Policy and Credit Card Guidelines.

3.2 Credit Card purchases must be within the card holders delegated authority.

3.3 It is the responsibility of the cardholders to ensure that they have considered any alternate payment methods such as purchase orders and purchase contracts before using the credit card. Refer to FIN.007.1 *Credit Card Policy Guidelines* for examples of appropriate use.

3.4 The General Manager’s and Mayors credit limits (and any changes to those limits) require Council approval.

3.4.1 The General Manager’s credit limit will be set (capped per month) at \$5,000 upon appointment.

All statement reconciliations for the General Manager’s credit card are reviewed by the Mayor and authorised by the Director Organisational Performance or the Manager Financial Services.

3.4.2 The Mayor’s Credit will be set at \$2,500 (capped per month) upon appointment and will authorised by the General Manager.

3.5 The allocation of all other credit cards to staff and their credit limits is to be set according to the Credit Card Guidelines and the Purchasing Policy, staff delegations and operational requirements and authorised by the General Manager (or someone Acting in the role) as per the Credit Card Guidelines.

3.6 This policy is to be reviewed every two years. Credit Card Allocation, credit limits and the Credit Card Guidelines are to be reviewed at the same time as the Credit Card Policy review or at other times as required in the Credit Card Guidelines.

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CREDIT CARD POLICY

4. LEGISLATION

- *Local Government Act 1993 (Tasmania)*

5. RELATED DOCUMENTS

- Allocated Credit Cards and Credit Limits Register
- Credit Card Guidelines
- Purchasing Policy
- Staff Conference and Travel Expenses Policy
- Councillor Conference and Travel Expenses Policy
- Gifts & Benefits Policy

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1. EXECUTIVE STATEMENT

1.1 Scope

Corporate credit cards are recognised as an efficient and flexible method of paying for goods and services in the public sector. They offer a convenient and highly traceable payment option, particularly for low value, day-to-day transactions, and can substantially improve purchasing efficiency by reducing administrative costs.

However, any transaction method holds the potential for misuse and the convenience and flexibility of credit cards can be a risk if not managed correctly. These guidelines for the use and control of credit cards ensure that the organisation can take advantage of improved purchasing efficiency while minimising the opportunity and impact of misuse of cards/funds.

These guidelines are intended to apply to credit cards, as well as any other similar type of corporate or organisational purchasing card. In these guidelines, the term “credit card” is used to refer to any purchasing card, including credit, debit, EFTPOS and similar bank cards issued by Council and used for purchasing on behalf of Council. The key features of an account to which these guidelines apply are:

- (1) Purchasing responsibility on the account holder; and
- (2) A bank card for making purchases utilising Council finances; and
- (3) A periodic transaction statement cycle.

1.2 Purpose

The purpose of these guidelines is to provide guidance on how Council corporate credit cards are to be allocated, used and administered to ensure that they assist in efficient delivery of local government services while minimising the potential for misuse and fraud.

1.3 Purchasing Principles

Cardholders must conform to sound principles of purchasing as detailed in Council’s **Purchasing Policy** at all times.

1.4 Preferred Purchasing Methods

In using a Council credit card, Cardholders must consider the alternative purchasing methods available, such as purchase orders and purchase contracts.

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Credit cards are appropriate for purchasing in the following typical situations:

- (1) Smaller purchase amounts, typically below \$500;
- (2) Invoices for goods or services requiring immediate payment e.g. supermarket purchases, meal purchases while on council business;
- (3) Where purchase orders:
 - (a) are impossible or unworkable (such as internet purchases of approved goods or services); or
 - (b) would take too long, unreasonably impact operational efficiency or result in missed opportunity, for example, if a PO would incur significant and unreasonable additional costs (either to Council or the supplier) relative to the cost of the goods or services being procured;
- (4) Where payment by credit card has been formally authorised, such as emergency situations; or
- (5) For purchases that cannot be made in the office, such as work-related travel expenses generated while travelling, or field work expenses requiring payment in the field.

Purchase orders or purchase contracts are preferred in the following typical situations:

- (1) For invoices not requiring urgent or immediate payment, such as invoices with a future due date;
- (2) Larger purchase amounts, typically of \$1,000 or more; or
- (3) Purchases requiring agreement between parties on terms (of service, engagement or sale).

Cardholders operate with some discretion, but must justify their purchasing decisions, including the purchasing method chosen. Seek guidance or written instruction from the Manager Financial Services if you are in doubt.

1.5 Related Policies – Essential Reading

Understanding and complying with these guidelines relies on understanding and complying with several other related Council policies, including:

- Purchasing Policy;
- Councillor Conference and Travel Expenses Policy;
- Staff Conference and Travel Expenses Policy; and
- Any other policies that may be implemented in relation to Councils financial management practices.

All Council purchasing, including with a Council credit card, must be undertaken in compliance with these and any other related policies.

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1.6 Policy Review And Update Cycle

This policy is to be reviewed every two years. Credit card allocation and credit limits are to be reviewed at the same time as the policy review, as well as those time specified in section 0.

1.7 Legislation

Understanding and complying with these guidelines relies on understanding and complying with the *Local Government Act 1993*.

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2. CONTROL OF CREDIT CARDS – FOR AUTHORISERS

2.1 Risk Management Strategy

Each active credit card represents a risk of accidental or intentional misuse of public funds and each credit limit amount is the extent of that risk. To minimise risks associated with credit cards, The General Manager should:

- (1) Allocate credit cards according to an organisation-wide strategy, and avoid allocating on an ad hoc or individual basis; and
- (2) Only issue cards to organisational roles where the operational benefits of efficient purchasing outweigh the increase in risk; and
- (3) Maintain control on the total number of credit cards issued and their combined purchasing potential (or credit limit) at any one time; and
- (4) Control the credit available on each card to an appropriate amount required to facilitate efficient purchasing for each role, considering the alternative payment options available; and
- (5) Ensure Cardholders and Authorisers adhere to the procedures and responsibilities set out in these guidelines by placing the onus of evidence for each purchase upon the Cardholder.

2.2 Authorising Credit Cards And Card Limits

The following roles are Authorisers for the purpose of these guidelines:

- General Manager (or someone Acting in the role of General Manager);
- Director Organisational Performance; and
- Manager Financial Services.

Authorisers have a key role in the control of credit cards, managing purchasing risk and maintaining compliance with these guidelines. Authorisers:

- (1) May authorise or decline the issuing of credit cards to a Cardholder;
- (2) May authorise or decline discretionary transactions, such as entertainment or gifts in accordance with these guidelines;
- (3) May direct a Cardholder to reimburse Council for transactions deemed not to be in accordance with these guidelines;
- (4) May or may not be allocated a credit card; and
- (5) If they are allocated a credit card, **may not** authorise their own purchases, or the issuing their own credit card.

2.3 Allocation and Issue of Credit Cards and Credit Limits

Credit cards are allocated and issued according to the rules in the following sections.

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2.3.1 Allocating Credit Cards

- (1) The Allocated Credit Cards and Credit Limits Register lists the roles that, at the absolute discretion of the Authorisers, may potentially be issued with a credit card and the maximum credit limit for each role;
- (2) The General Manager and the Director Organisational Performance or Manager Financial Services must authorise the allocation table;
- (3) Council credit cards are allocated to people in roles that require them. Credit cards may not be applied for. Contact your supervisor if you believe your role requires a credit card or a different credit limit;
- (4) A credit card will be issued to the Mayor as per the Credit Card Policy; and
- (5) A credit card will not be allocated to Councillors.

2.3.2 Issuing Credit Cards

- (1) The issue of each credit card must be authorised by an Authoriser and recorded.
- (2) An Authoriser cannot authorise the issue of their own credit card.
- (3) A person in a role that is allocated a credit card is not obliged to hold one.

2.3.3 The General Manager's Credit Card

- (1) The General Manager is allocated a card upon appointment.
- (2) The credit limit for the General Manager is determined by Council approval, including subsequent adjustments as per the Credit Card Policy (3.4.1).
- (3) All statement reconciliations for the General Manager's credit card are reviewed by the Mayor and authorised by the Director Organisational Performance or the Manager Financial Services.

2.3.4 Setting Limits and Controls on Credit Cards

- (1) A maximum total credit limit of all will be set from time to time and reviewed every year during the budget process according to needs, acceptable risk and business requirements;
- (2) Monthly credit limits will be set to the lowest amount required by the Cardholder to conveniently execute their role, considering budget constraints and the alternative payment methods available.
- (3) Limits on individual transactions may be set.

2.4 Review of Credit Card Allocation and Credit Limits

The allocation of each credit card and their credit limits detailed in **The Allocated Credit Cards and Credit Limits Register** is to be set according to operational requirements and authorised by the General Manager and Director Organisational Performance. Only the General Manager's credit limit requires Council approval and is set in the Credit Card Policy; all other roles and limits are set according to Council operational requirements, as determined by the General Manager and Director Organisational Performance or the Manager Financial Services.

In addition to the periodic review, it is recommended that Card allocations and credit limits are reviewed if:

- (1) Requests are received to add or remove roles from the Credit Card Allocation Table, or alter individual credit limits;
- (2) Proposed changes to the Credit Card Allocation Table require changes to the maximum total credit limit;
- (3) A Cardholder terminates employment or returns their card;
- (4) A card is lost or stolen or the subject of fraud or identity theft;
- (5) A significant breach of the policy (under section 2.5) occurs; or
- (6) Significant reorganisation of Council roles is undertaken.

Where the operational benefits to Council of a role holding a credit card no longer outweigh the increase in risk of the extra card, the credit card should be returned and cancelled.

2.5 Breach of Policy or Misuse

Any breaches of these guidelines by any Cardholder, Authoriser, staff or elected member, depending on the nature and extent of the breach, may result in:

- (1) Counselling and retraining in the policy and requirements;
- (2) Reimbursement of costs;
- (3) Cancellation of card;
- (4) Disciplinary action in accordance with Councils' Disciplinary Policy; or
- (5) Referral to police or civil proceedings.

If you become aware of policy breaches or misuse, report them immediately to an Authoriser. Policy breaches or misuse should also be reported to Council and credit card allocation should be reviewed.

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3. STATEMENT RECONCILIATION AND ACQUITTAL PROCESS – CARDHOLDERS AND AUTHORISERS

3.1 The purpose of the Statement Reconciliation and Acquittal Process is to ensure that:

- Cardholders justify and prove every purchasing decision to Council; and
- Council can justify and validate its endorsement and validation of Cardholders' purchasing decisions to auditors, investigators and the public.

On receipt of the account transaction statement each month, the statement will be reconciled according to the following process:

- (1) The Cardholder must collate all purchase evidence (including tax invoices with purchase purpose or signed purchase statement) with all written approvals for discretionary purchases and allocate the appropriate cost code to each transaction and have the appropriate manager co-sign the credit card statement.
- (2) Credit Card statements and all attachments will be provided to the appropriate Manager before going to the designated Finance Department Officer for reconciliation: -
 - (a) Directors statements to be co-signed and verified by the General Manager.
 - (b) Senior Managers statements to be co-signed and verified by appropriate Director
 - (c) Council Officer statements to be co-signed and verified by appropriate Senior Manager
- (3) A delegated Finance Department Officer will:
 - (1) Reconcile transactions individually against the supporting documentation and the requirements of these guidelines and Council Policy; and
 - (2) Question with the Cardholder any transactions:
 - (i) without supporting documentation;
 - (ii) that may be in conflict with these guidelines; and
 - (iii) that appear suspicious, unauthorised, excessive or of unknown purpose.
 - (c) If there are any outstanding transactions that cannot be adequately explained or reconciled with these guidelines, the officer must report these to the Director Organisational Performance or the Manager Financial Services for further investigation and appropriate action.
- (4) Any breaches of the Credit Card Policy or Guidelines will be dealt with according to risk and severity of the breach in accordance with section 2.5 2.5 Breach of Policy or **Misuse**.
- (5) Full statement reconciliation, acquittal and approval for payment must be completed by the 15th of each month.

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4. USE OF CREDIT CARDS – FOR CARDHOLDERS

4.1 General Use

4.1.1 Cardholder Responsibility and Liability

As a Cardholder, you are responsible for the safe custody and security of the card and account and liable for any misuse and associated costs. You are responsible for resolving use and transaction disputes and ensuring that use of the card is ethical and strictly in accordance with the guidelines and Council Policy.

Credit cards are provided strictly for business-related purchasing only. Cardholders must be able to justify and prove their purchasing decisions in a manner that allows Council to be able to justify and validate their endorsement of purchasing decisions to auditors, investigators, and the public. Always follow these guidelines and seek guidance from an Authoriser if in doubt.

Cardholders must comply with any terms and conditions of use provided by the card issuer and should follow the guidelines and recommendations of the issuing institution.

4.1.2 Non-Cardholder Use

Only the designated Cardholder may use the credit card. You must not let any other person use your credit card or account or record or share your credit card number, including other Council staff or elected members.

Where for an approved purchase in compliance with these guidelines, you may use your credit card to purchase work-related items on behalf of another staff member or elected member, provided you are satisfied the expense is appropriate, within budget and approved in accordance with these guidelines. If you choose to do so, the purchase must always be made, documented and justified by the Cardholder in accordance with these guidelines.

4.1.3 Receipts and Documentation for Every Purchase

You must obtain a valid tax invoice for all credit card purchases and note the purpose of the purchase.

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A valid tax invoice must provide sufficient information to demonstrate that the document is intended to be a tax invoice and include the following¹:

- (1) The seller's identity;
- (2) The seller's Australian Business Number (ABN);
- (3) The date the invoice was issued;
- (4) A brief description of the items sold, including the quantity (if applicable) and the price;
- (5) The GST (goods and services tax) amount payable (if any) – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement such as 'Total price includes GST'; and

You should make every attempt to obtain valid original documents in support of transactions. Council cannot claim the GST credit for purchases over \$82.50 without a valid tax invoice², so it is always important your purchases have original documentation. Contact vendors for original tax invoices if necessary.

In the absence of a valid tax invoice or original receipt, the you must provide sufficient information regarding the transaction to satisfy an Authoriser that the purchase is a valid work-related purchase that complies with these guidelines. The supporting information should include details of the transaction purpose, date, time, amount, vendor name and ABN, and your signature.

If you make a transaction of over \$82.50 and fail to retain a valid tax invoice for it, you will be asked to complete and sign a statutory declaration³ that includes all the required supporting information to justify the purchase, including the transaction purpose, date, time, amount, vendor name and ABN.

Cardholders will be liable for the cost of transactions that cannot be verified in compliance with these guidelines. Repeated purchases without original supporting documentation (valid tax invoice), requiring the Cardholder's explanation, or a statutory declaration are a purchasing risk to Council and may result in a credit card being revoked or disciplinary action in accordance with 2.5 2.5 Breach of Policy or **Misuse**.

¹ ATO tax invoice requirements: <https://www.ato.gov.au/Business/GST/Issuing-tax-invoices/>

² See *A New Tax System (Goods and Services Tax) Regulations 1999*:
https://www.legislation.gov.au/Details/F2011C00417/Html/Text#_Toc297551530

³ Statutory declaration forms are available from the Department of Justice:
http://www.justice.tas.gov.au/forms/statutory_declarations

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4.1.4 Lost, Stolen or Damaged Cards

If your Council credit card is lost or stolen, you must immediately contact the Manager Financial Services who will contact the issuing institution to report the lost or stolen card. In the event a card is lost or damaged out of hours contact the financial institution directly and follow their instructions.

Damaged cards can be reported to Council's financial management team for a replacement card to be arranged.

4.1.5 Return of Cards

Return your Council credit card immediately to your manager if you:

- (1) Are ceasing or terminating employment;
- (2) Moving to a role that is not assigned a credit card;
- (3) Taking extended leave from your role for [6] or more months, or otherwise where you feel retaining your card is an unnecessary risk; or
- (4) No longer require, or do not wish to hold, a credit card.

Credit cards will be destroyed or held locked in the Council's safe as appropriate.

4.2 Permitted Transactions

The following types of transactions are permitted, and purchases may generally be made with a Council credit card without written approval from Authorisers.

Transactions for expenses that are in accordance with the policy and guidelines and approved and budgeted for, such as approved projects, approved entertainment or approved travel, AND are within the officers approved delegations may be made without additional approval from Authorisers.

4.2.1 Travel Expenses

Travel expenses are expenses incurred during authorised work-related travel. They include accommodation, transport, meals, and expenses incidental to travel. Credit cards are ideally suited to cater for expenses incurred while travelling.

Travel expenses should be purchased in accordance with Council's Staff Training and Conference and Travel Policy.

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4.3 Discretionary Transactions Requiring Authorisation

The following types of transactions and purchases generally require written approval from one or more Authorisers and are **discretionary transactions**. Written approvals for discretionary purchases must be provided with all purchase invoices as part of the Statement Reconciliation and Acquittal Process (see Part 0).

4.3.1 Entertainment Expenses

Entertainment means the provision of food, drink or recreation – even if business discussions or transactions occur. Entertainment is typically considered a private expense and must not be purchased using a council credit card or funds without clear prior approval to do so.

Entertainment expenses are discretionary transactions and should only be purchased where approved by the General Manager or a Director in accordance with Council's Policies.

There are a range of circumstances where entertainment expenses may be considered to be work-related and may be purchased with your Council credit card. These include travel expenses (in accordance with section 0 4.2.1 Travel **Expenses** above), to support approved overtime work, for approved Council events or social functions or within an approved entertainment expenses budget for your role.

Certain roles are delegated the discretion to incur work-related entertainment expenses as part of their roles. These roles and their **discretionary expense limits** are allocated in the Delegations Register.

4.3.2 Gifts

Gifts are typically considered to be private expenses and must not be purchased with a Council credit card without prior approval. However, there may be limited instances where a gift using Council funds is appropriate, such as in recognition of exceptional service of a community volunteer, or as prizes for Council-sponsored community awards, and so are discretionary transactions.

Refer to Council's Gifts & Benefits Policy for guidance and how to apply for approval to purchase a gift.

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4.3.3 Fuel

Wherever available, use a fuel card to purchase fuel for work-related fuel expenses. In the event a fuel card is not available or not accepted by vendors in a location, you may use your Council credit card to purchase fuel for work-related travel, however you must provide sufficient supporting evidence that documents the trip, its length, and purpose.

4.4 Prohibited Use and Transactions

The following types of transactions and purchases are generally prohibited and must not be made on a Council credit card.

4.4.1 Cash Advances / Withdrawals

Council credit cards must not be used for cash advances or withdrawing cash.

4.4.2 Refunds

Any refunds for purchases made on a Council credit card must be refunded back to the credit card account. Refunds must not be accepted in cash.

4.4.3 Purchases of a private or personal nature

Council credit cards must not be used for purchases of a private or personal nature, even if you intend to reimburse Council. Only approved, work-related expenses in accordance with the policy and guidelines may be incurred.

Personal Loyalty cards (e.g. frequent shopper or frequent flyer cards) are not to be used in conjunction with Council Credit Cards.

4.4.4 Fines

Council credit cards must not be used to pay fines of any nature. You must pay any fines that you incur.

4.4.5 Alternative Online Payment Methods and Storing Credit Card Details

Use of Council credit cards on, or linking to, alternative online payment methods and e-commerce payment systems or accounts, such as PayPal, Google Pay, Apple Pay, iTunes, or any system that records and stores credit card details, are prohibited unless authorised.

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Where a payment for necessary goods or services can only be made through such a payment/e-commerce system, and that system requires the storage of credit card details or linking to a credit card account (such as Drop Box, Grants Hub), then the Manager Financial Services may delegate certain Cardholders to set up and manage an online account. These guidelines apply for the online account, as for the credit card itself:

- (1) The online account is restricted to use by the Cardholder only;
- (2) The online account is for work-related purchases only; and
- (3) The online account is to be set up with the Cardholder's work email address and details and to be managed separately from any personal online payment/e-commerce accounts.

Permissions for online accounts should be centrally controlled and recorded by Council. Council credit cards must never be linked to personal online payment systems or accounts.

Related Documents

- Allocated Credit Cards and Credit Limits Register
- Credit Card Guidelines
- Purchasing Policy
- Staff Conference and Travel Expenses Policy
- Councillor Conference and Travel Expenses Policy
- Gifts & Benefits Policy

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