

Credit Card Purchasing Policy and Procedure

Keywords: *credit, card, purchases*

Corporate Plan:	<i>Corporate Services: Financial Management</i>
Classification:	<i>Executive Services – Financial Management – “Credit Card Purchasing”</i>
First Issued/Approved:	<i>July 2010</i>
Review Frequency:	<i>Good Governance Practice: Annually</i>
Last Reviewed:	<i>March 2023</i>
Next Review Due:	<i>March 2024</i>
Responsible Officer(s):	<i>Manager Corporate Services</i>
Council File Reference:	<i>7.1.2; 7.63.1</i>
Applicable Legislation:	<i>Local Government Act 1999 (Chapter 8) Local Government Act 1999, Sections 44 and 124, 125, 127, 129, 137. Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth)</i>
Relevant Policies:	<i>Fraud & Corruption Prevention Policy, Internal Control Framework Policy, Procurement Policy</i>
Related Procedures:	<i>Credit Card Purchasing Procedures Procurement Procedures Berri Barmera Council Employee Induction Manual</i>
Delegations:	<i>refer list below – Cardholder Register</i>

Purpose

This Policy forms part of Council's Internal Financial Control Framework as a direct consequence of the provisions of Section 125 (Internal Control Policies) of the Act for South Australia. This commits Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard assets, and to secure the accuracy and reliability of council records.

The Berri Barmera Council will operate a corporate credit card system which permits an appropriate level of cards to be issued to operational staff throughout the organisation. The introduction of credit card purchasing is to augment, not replace, its existing procurement practices. Credit Card transactions are only to be performed where it is more cost effective than traditional methods. Credit card transactions are likely to be most cost effective for minor, frequent purchases or “one off” purchases or payments where time is of the essence and when obtaining ‘sale’ prices for goods and services. The number of cards will be reviewed regularly to ensure appropriateness of the limits of the cards, the purpose they were issued for, and the purchases being made.

Principles

To define the guidelines for the use of a Council Corporate Credit Card issued to the Mayor and Council employees as listed in the Cardholder Register below.

FRAMEWORK FOR POLICY

Use of a Corporate Credit Card

A corporate credit card with delegated limits will only be issued with the approval of the Chief Executive Officer. Monthly credit limits and transaction limits will be set by the cardholder's Manager and approved by the Chief Executive Officer and in accordance with Section 44 and Section 137 of the Act. The CEO also has the authority to revoke any account holder's right to a corporate credit card at any time.

A Cardholder can use their credit card only for official Council business and must not be used for personal use or gain.

A Cardholder must verify all transactions with a taxation receipt/invoice at the completion of a transaction to ensure accurate documentation and record keeping for audit purposes and to ensure appropriate and correct Goods and Services Tax reporting is being carried out.

A Cardholder can use the card to purchase goods and services directly, by mail, fax order, phone or internet from suppliers.

A Cardholder cannot use the card to obtain cash from a bank or eftpos facility. All transactions by the Cardholders are to be performed in accordance with the ANZ Bank Conditions of Use.

The accompanying Credit Card Purchasing Procedures must be referred to in conjunction with this policy to clearly define the use of a Council corporate credit card.

Misuse of Credit Cards

Examples where a credit card can be misused may include:

- A Cardholder is exceeding their credit or transaction limits,
- There is unauthorised use of the card,
- Where goods and/or services are purchased at prices that are disproportionate to their worth or generally considered excessive with reference to comparable prices for like goods and services
- Where the splitting of purchases occurs to circumvent card and/or purchasing limits.
- Where the use of Council credit card is used to acquire goods and/or services for personal use or personal gain.
- Withdrawal of cash
- Purchase of gift cards
- Payment of fines / expiations
- Unauthorised purchases of alcohol and or gifts

Staff failing to use credit cards as per the conditions of use will have the cards withdrawn and will be subject to disciplinary action in accordance with the Berri Barmera Council Employee Induction Manual

Card holder Register

A card holder register providing details of current card holders, spend cap and transaction limits in accordance with delegated authority is maintained and held on Council file.

The Card holder register can be accessed on Council's website at bbc@bbc.sa.gov.au.

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Related Procedures:	<i>Procurement Procedures</i>
Delegations:	<i>Refer list Credit Card Purchasing Policy</i>

Overview

The purpose of these procedures is to clarify the roles and responsibilities of staff and managers in relation to the use of Council corporate credit cards. These procedures are to be read in conjunction with the Credit Card Purchasing Policy.

Scope

To define the guidelines for the use of a Council Corporate Credit Card issued to the Mayor and Council employees.

PROCEDURES

Issuing of a Corporate Credit Card

Prior to a new cardholder being approved, justification for the credit card must be made in line with Council’s Procurement Policy and Procedures. As a general rule, credit cards will only

be available for employees who have completed their probation period, however exceptions can be allowed at the discretion of the Chief Executive Officer.

Card availability and proposed spend cap and transaction limits are to be recommended by the proposed cardholder's Manager and approved by the Chief Executive Officer.

Approval of a corporate credit card, the spend cap and transaction limit will be assessed on:

- Estimated frequency of use,
- Number of purchase transactions required by staff member,
- Delegation limits,
- Access to other purchasing methods,
- Benefits to Council attained by use of a credit card,
- Number of credit cards already held within the team
- Ability of proposed cardholder to undertake the cardholder responsibilities,
- ANZ banking conditions of use of corporate credit card facilities.

Use of a Corporate Credit Card

A cardholder can only use the credit card within the policy guidelines set by Council and as defined within the Credit Card Purchasing Policy. This means the use of a credit card must:

- Be for business purposes only and within a monthly credit limit and transaction limit as set by the Chief Executive Officer.
- Used to purchase goods and services directly, by mail, fax order, internet or phone from Council approved suppliers

Point of Sale Purchase

To enable a point of sale purchase the cardholder must:

- Attend in person in order to furnish PIN number.
- Produce the card to the supplier.
- Require the vendor to provide a tax receipt or wherever possible a tax invoice for the purchase and check the correct particulars are included on the receipt/invoice.
- Retain the copy of the tax invoice/sales voucher given by the supplier as proof of purchase and receipt of goods and/or services.

Remote Transactions

For transactions which are not made in person (e.g. Telephone, internet etc.) the cardholder must:

- Only purchase goods via this method from a reliable source.
- For telephone orders, record details of the transaction and request that a valid tax invoice is supplied for reconciliation purposes. A valid tax invoice contains the business' ABN and needs to state the GST included or excluded. (Exception rule on ABN in the case of international purchases since the companies won't have an ABN number. You are still required to request a proper invoice, some companies will only send out an invoice on request).
- For internet orders, print a copy of the order confirmation and wherever possible obtain and print a tax invoice.
- Ensure details of purchase are correct when tax invoice is received.

Cardholder Responsibilities

The cardholder is responsible for:

- Signing the card on issue as well as signing the policy and procedures acknowledgment form at Appendix A of these procedures.
- Security of the card.
- Notifying the issuing bank immediately and the Manager Corporate Services if the card is misplaced or lost.
- Ensuring that the card is used for authorised council purchases only.
- Ensuring that the card is always used in accordance with Councils Procurement Policy, Credit Card Purchasing Policy and limits of authority.
- Ensuring that the tax invoice is retained for each purchase and that the purchases are adequately described and for what circumstance it was purchased.
- Ensuring variances and discrepancies are rectified with the supplier in the event the tax invoice is incorrect.
- Providing administration with all tax invoices/vouchers/receipts of purchases for reconciliation purposes.
- Providing administration with all costing details of purchases for input into accounting system.
- Where a tax invoice/voucher/receipt is either not provided or has been misplaced it is the cardholder's responsibility to source a copy from the supplier within 14 days of the purchase.
- Ensuring all tax invoices/vouchers/receipts and applicable costing details are provided to administration before the cardholder goes on leave or is absent for any length of time.
- Signing all tax invoices/vouchers/receipts to verify legitimacy of purchase. The credit card holder also needs to state what the expenditure was for, for instance if it is for accommodation what the reason was for the accommodation. For instance, to attend training or a conference. This would prevent confusion when a tax invoice is vague.

Administration Responsibilities

Administration is responsible for:

- Regular review of the Credit Card Purchasing Policy and Procedures.
- Ensuring supporting tax invoices/vouchers/receipts and applicable costing details have been provided by cardholders.
- Posting credit card transactions into Council's accounting system.
- Investigation of any transactions which are outside the cardholder's authority.
- Liaison with the bank including managing new card applications, card cancellations, limit changes etc.
- Organise replacement of worn out, defective or expired cards.
- Management of changes to cardholder details.
- A monthly review process by the Manager of Corporate Services to ensure all responsibilities under the Credit Card Policy and Credit Card Procedures is being carried out appropriately and according to staff delegations.
- In case of a breach the issue needs to be escalated to the CEO or to a higher entity.
- Review of the CEO's credit card will be done annually at one of the Audit Committee Meetings.

Return of Card

A Cardholder must return their card to the Manager of Corporate Services as soon as the Cardholder:

- Resigns
- Retires
- Is transferred or promoted to another position which does not require the use of their card
- Is instructed to do so

The Manager of Corporate Services must cut any cards no longer required in half **and arrange for cancellation via the Online Bank portal.**

Disputed Transactions

A Cardholder must detail any disputed transaction in writing to the Manager Corporate Services to be forwarded subsequently to ANZ Bank.

The Cardholder and the Manager Corporate Services must ensure that a refund is processed to the Cardholders account pending further investigation by the Bank.

Issuing of New Cards

Only the Chief Executive Officer can authorise the issue of a new card and the credit and transaction limits to be applied.

Withdrawal of a Credit Card

A credit card may be withdrawn if the cardholder has not complied with Council's credit card purchasing policy. Any disciplinary action taken for individual cases will depend on the severity of the transgression, the staff member's intent and any special circumstances.

Please refer to Credit Card Purchase Policy regarding examples of misuse of a Council corporate credit card.

Council reserves the right to withdraw the use of a credit card from an individual at any time.

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APPENDIX A

(TO BE ON BERRI BARMERA COUNCIL LETTERHEAD)

I _____ (Employee Name) have read, understand and accept the terms and conditions in the "Credit Card Purchasing Procedures" and the "Credit Card Purchasing Policy" documents I have received.

Signature _____

Date / /