

CREDIT CARD USAGE POLICY

Approved By: Council
Doc Controller: General Manager
File: 126

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1. PURPOSE

The purpose of this policy is to provide a framework 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.

2. 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 vulnerability. Therefore, sound policies and protocols for use and control must be established to take advantage of the improved purchasing efficiency while minimising the opportunity and impact of misuse of funds.

This policy is intended to apply to credit cards, as well as any other similar type of corporate or organisational purchasing card. The key features of an account to which this policy applies 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.

3. DEFINITIONS

In this policy, the term “credit card” is used to refer to any purchasing card, including credit, debit, EFTPOS and similar bank cards issued by a financial institution and used for purchasing on behalf of Council.

4. POLICY

4.1 Purchasing Principles

Cardholders must conform to sound principles of purchasing when using a Council credit card. These principles are detailed in Council’s Code for Tenders and Contracts.

4.1.1 Preferred Purchasing Methods

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

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

- 1) Smaller purchase amounts, typically below \$1,000;
- 2) Payment of invoices for approved goods or services requiring immediate or out-of-cycle payment, when the payment has been authorised;
- 3) Where purchase orders:
 - a. are impossible or unworkable (such as internet purchases of approved goods or services); or

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- b. would take too long, unreasonably impact operational efficiency or result in a missed opportunity, for example, if a purchase order 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 in emergency situations; or
- 5) For purchases that cannot be made in the office, such as work-related travel expenses generated while traveling, or field work expenses requiring payment in the field.

Purchase orders 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) For 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.

4.2 Control of Credit Cards – For Authorisers

4.2.1 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, Council must:

- 1) Allocate credit cards according to an organisation-wide strategy, and avoid allocating on an ad hoc or individual basis;
- 2) Only issue cards to organisational roles where the operational benefits of efficient purchasing outweigh the increase in risk;
- 3) Maintain control on the total number of credit cards issued and their combined purchasing potential (or credit limit) at any one time;
- 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 by the policy by placing the onus of evidence for each purchase upon the Cardholder.

4.2.2 Authorisers

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

- 1) May authorise or decline the issuing of credit cards to a Cardholder;
- 2) May authorise or decline applications for the top-up of funds to monthly credit limits;
- 3) May authorise or decline discretionary transactions, such as entertainment or gifts in accordance with this policy;
- 4) May direct a Cardholder to reimburse Council for transactions deemed not to be in accordance with this policy;

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- 5) May or may not be allocated a credit card; and
- 6) If they are allocated a credit card, may not authorise their own purchases, top-ups, or issuing their own credit card.

The following roles are Authorisers for the purpose of this policy:

- General Manager
- Executive Manager Corporate (or a member of Executive Leadership Team given delegation by the General Manager)
- Senior Financial Accountant

4.2.3 Allocation and Issue of Credit Cards and Credit Limits

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

4.2.3.1 Allocating Credit Cards

- 1) **Schedule 1 – Allocation of Credit Cards and Credit Limits** 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 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.
- 4) A credit card will not be allocated to Councillors.
- 5) A credit card may be issued to the Mayor if the operational benefits to Council of efficient purchasing sufficiently outweigh the administrative cost of managing an additional card.

4.2.3.2 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.

4.2.3.3 The General Manager's Credit Card

- 1) The General Manager is allocated a card if they choose to hold one.
- 2) The credit limit for the General Manager is determined by Council approval, including subsequent adjustments.
- 3) All statement reconciliations and credit limit top-ups for the General Manager's credit card are reviewed by the Mayor (who is not an Authoriser) and authorised by another Authoriser.

4.2.3.4 Setting Limits and Controls on Credit Cards

- 1) The sum of the credit limits of all cards is to be no more than \$50,000 with individual card limits to be set at the lowest amount required by the Cardholder to conveniently execute their role, after considering budget constraints, the role of top-ups, and the alternative payment methods available.
- 2) Limits on individual transactions may also be set.

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4.2.4 Review of Credit Card Allocation and Credit Limits

The allocation of each credit card and their credit limits detailed in **Schedule 1 – Allocation of Credit Cards and Credit Limits** is to be set according to operational requirements and authorised by the General Manager. Only the General Manager's credit limit requires Council approval; all other roles and limits are set according to Council operational requirements, as determined by the General Manager.

Table 1. Credit Card Allocation Table will be reviewed every two years as a minimum, in conjunction with the policy update cycle. The aim of each review is to ensure that credit card allocations and limits are facilitating efficient purchasing and delivery of Council's services while effectively managing purchasing risk. Unnecessary or insufficiently justified cards will be withdrawn and destroyed. Credit limits will be adjusted to the lowest monthly amount needed to facilitate efficient purchasing, as evidenced by purchasing history and adherence to this policy.

In addition to the periodic review, **Table 1. Credit Card Allocation Table** will be 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 number of credit cards or 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 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 will be returned and cancelled.

- The last review of credit cards and limits was March 2024.
- The next review of credit cards and limit is March 2026.

4.2.5 Top-Ups to Monthly Credit – Deciding Applications

A Cardholder may apply for a top-up of funds to the monthly credit. Top-up applications are decided according to the following procedure:

- 1) A top-up requires the following approval:
 - a. An Authoriser, or any person, cannot authorise top-ups for their own credit card.
 - b. Top-ups of the General Manager's credit card account are always reviewed by the Mayor (who is not an Authoriser) and authorised by another Authoriser.
 - c. Top ups of the credit cards of Executive Managers are authorised by the General Manager and another Authoriser.
 - d. Top ups of all other Cardholders are authorised by two Authorisers.
- 2) Authorisers review the Cardholder's purchasing and top-up history for adherence to this policy and justification of purchases.
- 3) For any given month, the total top-up amount for an account should not exceed 50% of the monthly credit limit.

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4.2.6 Breach of Policy or Misuse

Any breaches of this policy 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 the credit card;
- 4) Disciplinary action in accordance with Councils' Disciplinary Policy; or
- 5) Referral to police or civil proceedings.

If a credit card user becomes aware of policy breaches or misuse, the circumstances are to be reported immediately to an Authoriser. Policy breaches or misuse should also be reported to Council and the credit card allocation reviewed.

4.2.7 Statement Reconciliation and Acquittal Process – Cardholders and Authorisers

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

- Cardholders justify and prove every purchasing decision to Council; and
- Council is able to justify and validate its endorsement and validation of all 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 where received) with all written approvals for discretionary purchases or top-ups and provide them to a Council finance officer who is delegated to reconcile the account statement.
- 2) A delegated Council finance officer will:
 - a. Reconcile transactions individually against the supporting documentation and the requirements of this policy; and
 - b. Question with the Cardholder any transactions:
 - a. without supporting documentation;
 - b. that may be in conflict with this policy;
 - c. that appear suspicious, unauthorised, excessive or of unknown purpose.
 - c. If there are any outstanding transactions that cannot be adequately explained or reconciled with this policy, the officer must report these to the General Manager for further investigation and appropriate action.
- 3) Any breaches of this policy will be dealt with according to the risk and severity of the breach in accordance with section 5.2.6 Breach of Policy or Misuse.
- 4) If all transactions are supported by adequate documentation and purchases appear to be in accordance with this policy with no suspicious activity:
 - a. The Cardholder will sign the account statement to confirm the purchases; and
 - b. For the General Manager's credit card, the Mayor will review the statement and sign to confirm purchases are in accordance with this policy; and
 - c. The General Manager will sign the statement to approve for payment.
- 5) Full statement reconciliation, acquittal and approval for payment must be completed before payment is due or within four (4) weeks of receiving the statement.
- 6) Direct debt or similar automatic payment methods are not to be used for payment of credit cards as they can bypass the statement reconciliation and acquittal process.

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4.3 Use of Credit Cards – For Cardholders

4.3.1 Cardholder Responsibility and Liability

Cardholders are responsible for the safe custody and security of the credit card and account and are liable for any misuse and associated costs. Cardholders are also responsible for resolving use and transaction disputes and ensuring that use of the card is ethical and strictly in accordance with this policy.

Credit cards are provided strictly for business-related purchasing. Cardholders must be able to justify and prove their purchasing decisions to Council in a manner that allows Council to be able to justify and validate their endorsement of purchasing decisions to auditors, investigators, and the public. Cardholders are to always follow this policy 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.

4.3.2 Non-Cardholder Use

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

Where for an approved purchase in compliance with this policy, the Cardholder may use their credit card to purchase work-related items on behalf of another Council staff or elected member, provided the Cardholder is satisfied the expense is appropriate and approved in accordance with this policy. If the Cardholder chooses to do so, the purchase must always be made, documented and justified by the Cardholder in accordance with this policy.

4.3.3 Receipts and Documentation for Every Purchase

The Cardholder must wherever possible obtain a valid tax invoice for all credit card purchases and note the purpose of the purchase.

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

- 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
- 6) Purchases over \$1,000 must also record the buyer's identity or ABN (in addition to the seller's details).

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The Cardholder should make every attempt to obtain valid original documents in support of transactions. Council cannot claim the GST credit for purchases over \$75 without a valid tax invoice¹, so it is always important that purchases have original documentation.

In the absence of a valid tax invoice or original receipt, the Cardholder must provide sufficient information regarding the transaction to satisfy an Authoriser that the purchase is a valid work-related purchase in compliance with this policy. The supporting information the Cardholder's signature.

If the Cardholder makes a transaction and fails to retain a valid tax invoice for it, the Cardholder must complete and sign a statutory declaration² that includes all the required supporting information to justify the purchase, including the transaction purpose, date, time, amount, vendor name and ABN.

Cardholders are liable for the cost of transactions that cannot be verified as being in compliance with this policy. Repeated purchases without original supporting documentation (a valid tax invoice) requiring the Cardholder's explanation or a statutory declaration are a purchasing risk to Council and may result in the credit card being revoked or disciplinary action being taken in accordance with section **5.2.6 Breach of Policy or Misuse**.

4.3.4 Applying for a Monthly Credit Top-Up (Cardholders)

Applications for a Monthly Credit Top-Up must be made as a written request to an Authoriser, detailing the following:

- 1) The top-up amount requested (top-ups, if approved, will usually not be greater than 50% of the monthly credit limit);
- 2) The account balance and monthly credit limit;
- 3) Reasons for exceeding the monthly limit; and
- 4) Forthcoming purchases expected and amounts to justify the need for a top-up.

4.3.5 Lost, Stolen or Damaged Cards

If a Council credit card is lost or stolen, the responsible Cardholder must immediately contact the issuing institution to report the lost or stolen card. The Cardholder must follow the advice of the institution and then advise an Authoriser at the earliest opportunity.

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

4.3.6 Return of Cards

Council credit cards are to be immediately returned to an Authoriser where a Cardholder is:

- 1) Ceasing or terminating employment;
- 2) Moving to a role that is not assigned a credit card;
- 3) Taking extended leave for 6 or more months, or otherwise where the Cardholder feels retaining the card is an unnecessary risk; or

¹ See *A New Tax System (Goods and Services Tax) Regulations 1999*:

https://www.legislation.gov.au/Details/F2011C00417/Html/Text#_Toc297551530

² Statutory declaration forms are available from the Department of Justice:

http://www.justice.tas.gov.au/forms/statutory_declarations

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4) No longer requires, or does not wish to hold, a credit card. Credit cards should generally be cancelled and destroyed in these circumstances. If employees are returning from leave of 9 months or less, cards may be held securely by Council, at Council's discretion.

4.3.7 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 demonstrably approved and budgeted for, such as approved projects, approved entertainment or approved travel, may be made without additional approval from Authorisers. Cardholders must be able to demonstrate that purchases are approved and in accordance with this policy, if queried.

4.3.7.1 Travel Expenses

Travel expenses are expenses incurred in the course of 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.

4.3.8 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.

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

4.3.8.2 Gifts

Gifts are typically considered to be private expenses and must not be purchased with a Council credit card without prior approval. However, as 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, gifts are discretionary transactions.

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

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4.3.8.3 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, a Cardholder may use their Council credit card to purchase fuel for work-related travel, however the Cardholder must provide sufficient supporting evidence that documents the trip, its length, and purpose.

4.3.9 Prohibited Use and Transactions

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

4.3.9.1 Cash Advances / Withdrawals

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

4.3.9.2 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.

4.3.9.3 Purchases of a private or personal nature

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

4.3.9.4 Fines

Council credit cards must not be used to pay fines of any nature. Cardholders must pay any fines incurred.

4.3.9.5 Capital Expenditure

Council credit cards must not be used for purchasing capital items of any nature.

4.3.10 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.

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 Uber), the General Manager may delegate certain Cardholders to set up and manage an online account. This policy applies for the online account, as for the credit card itself:

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

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Permissions for online accounts will be centrally controlled and recorded by Council's Executive Manager Corporate. Council credit cards must never be linked to personal online payment systems or accounts.

4.4 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 times specified in section 5.2.4.

5. RELATED DOCUMENTS

Understanding and complying with this policy relies on understanding and complying with several other related Council policies, including but not limited to:

- Code of Conduct
- Code for Tenders and Contracts
- Gifts and Benefits Policy



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CARDHOLDER DECLARATION

I have read and understood Council's Credit Card Policy. I understand the requirements of me as a Cardholder and agree with comply with them.

In particular, I agree:

- That I understand and will follow the rules and procedures of credit card use outlined in this policy;
- That I will adhere to all related Council policies;
- That my credit card is to be used for Council business only;
- That I must retain receipts and documentation to support all transactions made with my card;
- That I am responsible for the safekeeping and security of my card and account and liable for any misuse;
- That I will not allow any other person to use my Council credit card; and
- That disciplinary action will be taken for any breaches of the policy.

Name: _____

Position: _____

Signed: _____

Date: _____

AUTHORISATION

A Council credit card is approved to be issued to the Cardholder named above, who is authorised to hold and use a Council credit card in compliance with this policy.

Authorised by:

Name: _____

Name: _____

Position: _____

Position: _____

Signed: _____

Signed: _____

Date: _____

Date: _____



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SCHEDULE 1 – ALLOCATION OF CREDIT CARDS AND CREDIT LIMITS

This Policy permits the issue of credit cards only to the Council roles and with the limits stated in **Table 1** below.

Table 1. Credit Card Allocation Table

Role/Position	Issue	Credit Limit ³	Transaction Limit ⁴	Discretionary Expense Limit ⁵
General Manager	1	\$10,000	\$5,000	N/A
Executive Manager (or similar role)	2	\$10,000	\$5,000	N/A
Executive Officer	3	\$10,000	\$5,000	N/A
Director of Children’s Services	4	\$4,000	\$2,000	N/A
Administration Manager	5	\$8,000	\$3,000	N/A
Mayor	6	N/A	N/A	N/A
Senior Administration Officer	7	\$5,000	\$2,500	N/A
TOTAL		\$47,000		

Table 1. Credit Card Allocation Table is authorised by:

Name: _____

Name: _____

Position: General Manager

Position: _____

Signed: _____

Signed: _____

Date: _____

Date: _____

³ **Credit Limit** means the monthly credit limit and total value of purchases that may be made in a month.

⁴ **Transaction Limit** means the maximum value for any single transaction. Transaction Limits were set by the Council as 50% of the credit card limit at the meeting held 13/12/2018.

⁵ **Discretionary Expense Limit** means the maximum value per occasion of work-related entertainment expenses that a role is permitted to be purchased before seeking approval from an Authoriser.