



## CREDIT CARD POLICY

POLICY TYPE	DOCUMENT CONTROLLER	RESPONSIBLE MANAGER	POLICY ADOPTED	REVIEW DUE
Council	Executive Manager People and Finance	General Manager	23 August 2021	July 2023
<b>PURPOSE</b>	<p>The purpose of this policy 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 services while minimising the potential for misuse and fraud.</p>			
<b>SCOPE</b>	<p>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.</p> <p>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.</p> <p>The policy is intended to apply to credit cards, as well as any other similar type of corporate or organisational purchasing card. 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 Council and used for purchasing on behalf of Council.</p>			
<b>POLICY</b>	<p><b>1. Purchasing Principles</b></p> <p>Cardholders must conform to sound principles of purchasing when using a Council credit card. These principles are detailed in Council's <i>Purchasing Policy</i>.</p> <p><b>2. Preferred Purchasing Methods</b></p> <p><b>2.1</b> In using a Council credit card, cardholders must consider the alternative purchasing methods available, such as purchase orders and purchase contracts.</p> <p><b>2.2</b> Credit cards are appropriate for purchasing in the following typical situations:</p> <ol style="list-style-type: none"> <li>a) Smaller purchase amounts, typically below \$1,000;</li> <li>b) Invoices for approved goods or services requiring immediate or out-of-cycle payment, when payment has been authorised;</li> <li>c) where purchase orders: <ul style="list-style-type: none"> <li>• are impossible or unworkable (such as internet purchases of approved goods or services); or</li> </ul> </li> </ol>			

- would take too long, unreasonably impact operational efficiency or result in 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;

- d) Where payment by credit card has been formally authorised, such as emergency situations; or
- e) 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.

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

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

**2.4** Cardholders operate with some discretion, but must justify their purchasing decisions, including the purchasing method chosen. Seek guidance from your Manager or Finance Team if you are in doubt.

### **3. Control of Credit Cards – For Authorisers**

#### **3.1 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:

- a) Allocate credit cards according to departmental need, and avoid allocating on an ad hoc or individual basis; and
- b) Only issue cards to organisational roles where the operational benefits of efficient purchasing outweigh the increase in risk; and
- c) Maintain control on the total number of credit cards issued and their combined purchasing potential (or credit limit) at any one time; and
- d) Control the credit limit available on each card to an appropriate amount required to facilitate efficient purchasing for each role, considering the alternative payment options available; and
- e) 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.

### 3.2 Authorisers

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

- a) May authorise or decline the issuing of credit cards to a Cardholder;
- b) May authorise or decline discretionary transactions, such as entertainment or gifts in accordance with this policy;
- c) May direct a Cardholder to reimburse Council for transactions deemed not to be in accordance with this policy;
- d) May or may not be allocated a credit card; and
- e) If they are allocated a credit card, may not authorise their own purchases or issue their own credit card.

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

- General Manager
- Deputy General Manager
- Executive Manager People & Finance
- Finance Manager

### 3.3 Allocation and Issue of Credit Cards and Credit Limits

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

- a) Allocating Credit Cards:
  - **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.
  - The General Manager and Executive Manager People & Finance must authorise changes to the allocation table.
  - 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. Your supervisor will determine whether or not to request a review of **Table 1. Credit Card Allocation Table** to include your role or change the credit limit available to your role.
  - A credit card will not be allocated to Councillors.
  - 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.
- b) Issuing Credit Cards
  - The issue of each credit card must be authorised by an Authoriser and recorded.
  - An Authoriser cannot authorise the issue of their own credit card.

- A person in a role that is allocated a credit card is not obliged to hold one.
  - The cardholder must complete the Cardholder Declaration shown at Schedule 2 before the card is issued. Completed declarations will be stored by the Finance Manager.
- c) The General Manager's Credit Card
- The General Manager is allocated a card, if they choose to hold one.
  - The credit limit for the General Manager is determined by Council approval, including subsequent adjustments.
  - All statement reconciliations for the General Manager's credit card are reviewed by the Mayor (who is not an Authoriser) and authorised by another Executive team member who is an Authoriser.
- d) Setting Limits and Controls on Credit Cards
- The maximum number of cards that Council will allow to be active at any one time is to be set according to Council needs and acceptable risk;
  - The maximum total credit limit of all cards is to be set according to needs, acceptable risk and budget requirements;
  - 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.
  - Limits on individual transactions may be set.

### 3.4 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 and Executive Manager of People & Finance. 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 and Executive Manager of People & Finance.

**Table 1. Credit Card Allocation Table** will be periodically 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 allocation and limits are facilitating efficient purchasing and delivery of Council's services while effectively managing purchasing risk. Unnecessary or insufficiently justified cards should be withdrawn and destroyed. Credit limits should 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** is recommended to be reviewed if:

- a) Requests are received to add or remove roles from the Credit Card Allocation Table, or alter individual credit limits;
- b) Proposed changes to the Credit Card Allocation Table require changes to the maximum number of credit cards or the maximum total credit limit;
- c) A cardholder terminates employment or returns their card;
- d) A card is lost or stolen or the subject of fraud or identity theft;
- e) A significant breach of the policy (under section 3.5) occurs; or
- f) 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.

### **3.5 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:

- a) counselling and retraining in the policy and requirements;
- b) reimbursement of costs;
- c) cancellation of card;
- d) disciplinary action in accordance with Council's Disciplinary Procedure; or
- e) referral to police or civil proceedings.

If you become aware of policy breaches or misuse, report them immediately to an Authoriser. The Authoriser will determine if the policy breach or misuse needs to be reported to the Fraud Control Officer.

## **4. Statement Reconciliation and Acquittal Process – Cardholders and Authorisers**

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

- Cardholders justify and document every purchasing decision to Council; and
- Council is able to 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:

**4.1** The Cardholder must collate all purchase evidence (including tax invoices with purchase purpose or signed purchase statement) and provide them to a Council officer who is delegated to reconcile the account statement.

**4.2** A delegated Council officer will:

- a) Reconcile transactions individually against the supporting documentation and the requirements of this policy; and

- b) Question with the Cardholder any transactions:
  - without supporting documentation;
  - that may be in conflict with this policy;
  - 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 Finance Manager for further investigation and appropriate action.

**4.3** Any breaches of this policy will be dealt with according to risk and severity of the breach in accordance with section **3.5 Breach of Policy or Misuse.**

**4.4** 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 the Deputy General Manager will authorise the credit card statement to confirm purchases are in accordance with this policy; and
- c) The Authoriser reviews the credit card statement and attachments and authorises the statement to approve for payment.

**4.5** Full statement reconciliation, acquittal and approval for payment must be completed before payment is due or within four (4) weeks of receiving the statement.

## **5. Use of Credit Cards – For Cardholders**

### **5.1 General Use**

- a) Cardholder Responsibility and Liability:  
As a Cardholder, you are responsible for the safe custody and security of the card 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 this policy.

Credit cards are provided strictly for business-related purchasing only. 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. 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.

b) Non-Cardholder Use:

Only the designated Cardholder may use the credit card. The Cardholder must not let any other person use the credit card assigned 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 expense is appropriate and approved in accordance with this policy.

c) Receipts and Documentation for Every Purchase:

The Cardholder must 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<sup>1</sup>:

- The seller's identity;
- The seller's Australian Business Number (ABN);
- The date the invoice was issued;
- A brief description of the items sold, including the quantity (if applicable) and the price;
- 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
- Purchases over \$1,000 must also show the buyer's identity or ABN (in addition to the seller's details).

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 invoice<sup>2</sup>, so it is always important purchases have original documentation. Contact vendors for original tax invoices if necessary.

<sup>1</sup> ATO tax invoice requirements:

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

<sup>2</sup> See *A New Tax System (Goods and Services Tax) Regulations 1999*:

[https://www.legislation.gov.au/Details/F2011C00417/Html/Text#\\_Toc297551530](https://www.legislation.gov.au/Details/F2011C00417/Html/Text#_Toc297551530)

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 that complies with this policy.

If you make a transaction and fail to retain a valid tax invoice for it, you must complete and sign a statutory declaration<sup>3</sup> 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 to be in compliance with this policy. 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 **3.5 Breach of Policy or Misuse.**

d) Lost, Stolen or Damaged Cards:

If a Council credit card is lost or stolen, the Cardholder must immediately contact the issuing institution to report the lost or stolen card. Follow the advice of the institution and then advise an Authoriser at the earliest opportunity. Damaged cards can be reported to Council's financial management team for a replacement card to be arranged.

e) Return of Cards:

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

- are ceasing or terminating employment;
- moving to a role that is not assigned a credit card;
- taking extended leave from your role, or otherwise where you feel retaining your card is an unnecessary risk; or
- no longer require, or do 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 6 months or less, cards may be held securely by Council, at Council's discretion.

[The return of credit cards is an item included on the employee exit checklist.]

<sup>3</sup> Statutory declaration forms are available from the Department of Justice:  
[http://www.justice.tas.gov.au/forms/statutory\\_declarations](http://www.justice.tas.gov.au/forms/statutory_declarations)



## 5.2. Permitted Transactions

An employee issued with a Council credit card will have the necessary financial delegation to transact on the card. The setting of the transaction and credit limit will be in accordance with section 3.3 of this policy.

Transactions for expenses that are budgeted for and have been demonstrably approved, such as approved projects or approved travel, may be made without additional approval from Authorisers. The Cardholder must be able to demonstrate purchases are approved and in accordance with this policy, if queried. Approval can be by way of email from the Cardholder's supervisor or in relation to travel for training/conference purposes, completion of the Training Registration Form and compliance with the Travel Accommodation Policy.

### a) 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.

Travel expenses should be purchased in accordance with Council's Travel Accommodation Policy.

## 5.3. Discretionary Transactions Requiring Authorisation

The following types of transactions and purchases generally require written approval from one or more Authorisers and are **discretionary transactions**. Certain credit cardholders have financial delegation to expend on discretionary transactions. Limits for discretionary expenditure are set out in **Table 1. Credit Card Allocation Table**. Unless employees have been allocated a financial delegation for discretionary expenditure, transactions for the following are prohibited.

### a) 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.

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 5.2a) 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 **Schedule 1 – Allocation of Credit Cards** and Credit Limits.

b) 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 an employee or community volunteer, or as prizes for Council-sponsored community awards, and so are discretionary transactions.

Refer to Council's Recognition Procedure for guidance and how to apply for approval to purchase a gift.

c) 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, Cardholders may use a Council credit card to purchase fuel for work-related travel, however sufficient supporting evidence that documents the circumstances must be provided.

#### **5.4. Prohibited Use and Transactions**

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

a) Cash Advances/Withdrawals:

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

b) 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.

c) Purchases of a private or personal nature:

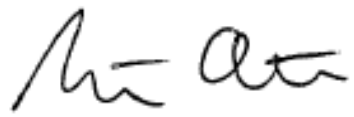
Only approved, work-related expenses in accordance with this policy may be incurred.

d) Fines:

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

e) Alternative Online Payment Methods and Storing of Credit Card Details:

	<p>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), then 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:</p> <ul style="list-style-type: none"> <li>• The online account is restricted for use by the Cardholder;</li> <li>• The online account is for work-related purchases only, in accordance with this policy;</li> <li>• 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.</li> </ul> <p>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.</p>												
<b>LEGISLATION AND RELATED DOCUMENTS</b>	<p><i>Local Government Act 1993</i>  Local Government (General) Regulations 2005  <i>A New Tax System (Goods and Services Tax) Act 1999 Fringe Benefits Tax Assessment Act 1986</i>  Payment of Councillor's Allowances, Expenses and Provision of Facilities Policy  Recognition Procedure  Disciplinary Procedure  Travel and Accommodation Policy  Code for Tenders and Contracts  Purchasing Policy  Purchasing Procedure  Staff Code of Conduct  Fraud and Corruption Control Policy  Devonport City Council Strategic Plan 2009-2030</p>												
<b>ATTACHMENTS (IF APPLICABLE)</b>	<p>Schedule 1 – Allocation of Credit Cards and Credit Limits  Schedule 2 – Cardholder Declaration</p>												
<b>STRATEGIC REFERENCE</b>	<p>5.5.1 – Provide financial services to support Council's operations and meeting reporting and accountability requirements</p>												
<b>MINUTE REFERENCE</b>	<p>21/173</p>												
<b>OFFICE USE ONLY</b>	<table border="1"> <tr> <td>Update Register</td> <td>Y</td> <td>Training/Communication</td> <td>Y</td> </tr> <tr> <td>Advise Document Controller</td> <td>Y</td> <td>Advise HR / MCO</td> <td>Y</td> </tr> <tr> <td colspan="4">Management Sign Off:</td> </tr> </table>	Update Register	Y	Training/Communication	Y	Advise Document Controller	Y	Advise HR / MCO	Y	Management Sign Off:			
Update Register	Y	Training/Communication	Y										
Advise Document Controller	Y	Advise HR / MCO	Y										
Management Sign Off:													

A handwritten signature in black ink, appearing to read "An-At", is written in a cursive style within a white rectangular box.

Date: 23 August 2021

## 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	Credit Limit <sup>4</sup>	Transaction Limit <sup>5</sup>	Discretionary Expense Limit <sup>6</sup>
General Manager	\$10,000	N/A	\$200
Deputy General Manager	\$10,000	\$10,000	\$100
Executive Manager People & Finance	\$10,000	\$5,000	\$100
IT Coordinator	\$15,000	\$3,000	Nil
Risk & Compliance Coordinator	\$10,000	\$1,000	Nil
Community Services Manager	\$5,000	\$5,000	\$100
Convention & Arts Centre Director	\$5,000	\$5,000	\$100
Performing Arts & Operations Supervisor	\$5,000	\$1,000	Nil
Bass Strait Maritime Centre Coordinator	\$5,000	\$1,000	Nil
Workshop Maintenance Technician	\$500	\$100	Nil
Works Coordinator	\$5,000	\$5,000	Nil
Bass Strait Maritime Centre Project Officer	\$1,000	\$1,000	Nil
Visual Arts Coordinator	\$1,000	\$1,000	Nil
Risk Safety & Compliance Officer	\$1,000	\$1,000	Nil
Works Supervisor	\$5,000	\$5,000	Nil
Infrastructure & Works Manager	\$5,000	\$5,000	Nil
Administration Officer	\$1,000	\$1,000	Nil
Executive Coordinator	\$5,000	\$5,000	Nil
Technical Operations Coordinator	\$5,000	\$1,000	
Customer Services Officer – Recreation Centre	\$500	\$100	Nil
TOTAL	\$100,000		

**Table 1. Credit Card Allocation Table** is authorised by:

Name: Matthew Atkins

Name: Kym Peebles

Position: General Manager

Position: Executive Manager People & Finance

Signed: 

Signed: 

Date: 15/09/21

Date: 15/09/21

<sup>4</sup> **Credit Limit** means the monthly credit limit and total value of purchases that may be made in a month.

<sup>5</sup> **Transaction Limit** means the maximum value for any single transaction.

<sup>6</sup> **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.

## Schedule 2 – Cardholder Declaration

1. I have read and understood Council's Credit Card Policy. I understand the requirements of me as a Cardholder and agree to comply with them.
2. 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, including Council's (Purchasing Policy, Travel & Accommodation Policy, Gifts & Donations Policy and Recognition Procedure);
  - 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: \_\_\_\_\_