

Wagga Wagga City Council

CORPORATE PURCHASE CARD POLICY

REFERENCE NUMBER	POL 053		
ORIGINAL APPROVAL DATE	29 January 2018		
RESPONSIBLE MANAGER	Manager Procurement Services		
RESPONSIBLE DIRECTORATE	Finance		
<p>This document is to be reviewed: every four years or in the first twelve months of the new term of Council, whichever is the earliest. Next Review Date: July 2021</p>			
Revision number	Issue Date	Council Resolution	Council Meeting Date
1	November 2017	Res No: 18/017	29 January 2018

PART 1: INTRODUCTION

The purpose of this Policy is to assist Council employees and the Mayor in complying with Wagga Wagga City Council (Council) policy and procedures for business supplied Corporate Purchase Cards and in particular, to outline the conditions of use for the Corporate Purchase Card when purchasing goods and services for Council operations.

1.1 Policy Objectives

The objective of this Policy is to provide Council employees and the Mayor who are issued with a Corporate Purchase Card a clear framework to enable the appropriate usage of the Corporate Purchase Card. It will assist in providing transparency in usage and will reduce the risk of fraud and misuse of the Corporate Purchase Cards.

1.2 Scope of Policy

This Policy applies to all Council officials that are provided with a Corporate Purchase Card to undertake appropriate expenditure on behalf of Council, and must be read in conjunction with Council's POL 110 Procurement and Disposal Policy.

This Policy also applies to all Authorising Officers who are required to authorise Corporate Purchase Card reconciliations.

This Policy does not confer any delegated authority upon any person. The Council issues delegations to the Mayor and the General Manager and the General Manager issues all delegations to staff.

1.3 Definitions

Authorising Officers	The Supervisor, Manager, Director, General Manager or Mayor who are to undertake authorisation of the Corporate Purchase Card reconciliations to ensure compliance with the Policy.
Corporate Card System Administrator	Staff members within Accounts Payable or their immediate Supervisor within the Finance Division.
Council Employees / Employee	Any staff member of Council.
Council official	Includes Councillors, members of staff of Council, administrators, Council Committee members, conduct reviewers and delegates of Council.
Mayor	The Mayor of the Council of the City of Wagga Wagga.
Tools	Incorporates any tool that is powered by hand, such as pliers, screwdrivers and shovels, along with power tools such as drills and grinders.

1.4 Legislative Context

Section 55 of the *Local Government Act 1993* (the Act) prescribes the statutory requirements for local government tendering. While this Policy deals with the procedures for purchases below the tender threshold, and is not therefore subject to this section of the Act, these procedures are similar to those prescribed by the Act.

Local Government (General) Regulation 2005

209 Particular responsibilities of the general manager

The general manager of a council must ensure that:

- (a) the provisions of the Act, this Regulation and any other written law relating to councils' financial obligations or the keeping of accounts by councils are complied with, and*
- (b) effective measures are taken to secure the effective, efficient and economical management of financial operations within each division of the council's administration, and*
- (c) authorising and recording procedures are established to provide effective control over the council's assets, liabilities, revenue and expenditure and secure the accuracy of the accounting records, including a proper division of accounting responsibilities among the council's staff, and*

(d) lines of authority and the responsibilities of members of the council's staff for related tasks are clearly defined.

Other Regulations may come into force from time to time. Employees involved in the purchasing function have an obligation to maintain and update the currency of their knowledge about procurement and should acquaint themselves with the Act and the Regulation as well as other acts, regulations, codes, practices, practice notes, circulars and other documents published by other State or Australian government authorities which relate to purchasing and tendering.

1.5 Related Documents

- Procurement and Disposal Policy (POL 110)
- Procurement Manual
- Code of Conduct
- Delegations Policy (POL 060)
- Fraud and Corruption Prevention Policy (POL 100)
- Payment of Expenses and Provision of Facilities to Councillors Policy (POL 025)
- Condolences and Memorials for Staff and Councillors Policy (POL 042)
- FIN.DIR.001 Operating Standard on Expenditure for Conferences, Travel, Accommodation and Hospitality Relating to Official Council Business (currently in draft)

1.6 Responsibilities

Authorising Officers and the Director Finance is responsible for ensuring that:

- all purchases are directly associated with the providing of goods or services for Council
- all purchases have been undertaken consistent with the provisions of the Procurement and Disposal Policy (POL 110) and the Procurement Manual.

Corporate Purchase Cardholders are responsible for ensuring that:

- the Corporate Purchase Card is kept in a safe location at all times
- the Corporate Purchase Card is only used for purchasing items that have a direct business association with Council
- all documentation regarding a Corporate Purchase Card transaction is retained and provided as part of the reconciliation procedure
- the reconciliation statement is completed and authorised within 10 working days upon receipt of the statement

1.7 Reporting Requirements

The Manager Finance is to provide a monthly report regarding the use of Corporate Purchase Cards to the Executive Team.

1.8 Approval Arrangements

Authorising Officers must review expenditure each month ensuring compliance to the Policy, noting that cardholders have 10 working days to return the authorised reconciliation statement.

Each Divisional Manager is also required to review and approve each monthly reconciliation statement for cardholders within their division.

In addition, the monthly reconciliation statements of the following cardholders must be reviewed and authorised by the following Authorised Officers within 10 working days.

Cardholder	Authorising Officer/s
The Mayor	General Manager
Executive Assistant to the Mayor	General Manager
General Manager	The Mayor
Executive Assistant to the General Manager	The Mayor
Director Finance	General Manager
Executive Assistant to the Director Finance	General Manager Director Finance*
Director Community	General Manager
Executive Assistant to the Director Community	General Manager Director Community*
Director Commercial Operations	General Manager
Executive Assistant to the Director Commercial Operations	General Manager Director Commercial Operations*
Director Commercial Development	General Manager
Executive Assistant to the Director Commercial Development	General Manager Director Commercial Development*
Manager Finance	Director Finance

* Where the Executive Assistant's monthly reconciliation statement contains no transactions pertaining to their Director or the General Manager, the relevant Director may authorise the statement.

1.9 Review Procedures

This Policy is to be reviewed every four (4) years or in the first twelve months of the new term of Council, whichever is the earliest.

PART 2: POLICY CONTENT

2.1 Background

A Corporate Purchase Card can deliver significant benefits however can also expose a local government to significant risks if not adequately controlled. This Policy aims to incorporate the necessary controls to support the mitigation of risks associated with the use of a Corporate Purchase Card, whilst recognising that Corporate Purchase Cards are an alternative purchasing and payment system that improves payment performance and can provide more effective cash management.

2.2 Specific Provisions

2.2.1 Eligibility

Any Council employee that may require a Corporate Purchase Card shall establish a business case for the issue of a new Corporate Purchase Card. Items to be addressed in support of the application would normally outline the reasons to warrant having a Corporate Purchase Card.

The Manager Finance or the Director Finance must approve all applications, and in the case of the Director Finance Corporate Purchase Card application, the General Manager shall approve the application. In the case of the Manager Finance, the Director Finance shall approve the application.

Once approved, the financial institution may require the proposed cardholder to complete a 100 points of identification check. The application form is to be signed by the cardholder and their Manager, verified by the Manager Finance or their delegate.

Employees who are authorised to hold a Corporate Purchase Card will be issued only one Corporate Purchase Card at a time.

2.2.2 Limits

The Corporate Purchase Card issued to the General Manager will have a maximum limit of \$10,000 per month. This will also be the transaction limit due to the General Manager holding a purchasing delegation in excess of this value.

The Executive Assistant to the General Manager will have a maximum limit of \$10,000 per month each, with a transaction limit set dependant on the cardholder's purchasing delegation limit.

The Corporate Purchase Card issued to all other Council employees and the Mayor will be limited to a maximum of \$5,000 per month each, with a transaction limit set dependant on the cardholder's purchasing delegation limit.

2.2.3 General

No Corporate Purchase Card will be provided to an employee or the Mayor without the Corporate Purchase Card User Agreement (Appendix A of this Policy) being signed as acknowledgement that they have read, understood and agree to comply with this Policy.

The Corporate Cards System Administrator will keep a register of all current cardholders including card number, expiry date, credit limit and transaction limit.

Upon receipt of the Corporate Purchase Card, the cardholder shall sign the reverse side of the card and any prior cards shall be destroyed.

Where businesses offer the PayWave/PayPass payment method, cardholders are not to utilise this payment method and must enter their PIN for payment at all times.

The cardholder shall not disclose their PIN to another party and shall not allow use of their Corporate Purchase Card by another party, including another Council official.

In the event that a cardholder moves to a position that does not require the use of a Corporate Purchase Card or ceases employment, the cardholder must notify the Corporate Card Systems Administrator to arrange cancellation or temporary hold of the Corporate Purchase Card. In the instance of ceasing employment, a minimum of two (2) weeks' notice where possible, is required to ensure all receipts are received and the Corporate Purchase Card account reconciled. The cardholder must then return the Purchase Card to the Corporate Card Systems Administrator for cancellation and destruction. This will be confirmed during the Exit Interview Process with the People and Culture team.

Corporate Purchase Cards cannot be transferred to another user and must be kept in a safe location at all times.

The Corporate Purchase Card must not be used for expenses that the Council employee or the Mayor have already claimed (or will be claimed) including by way of allowance.

The Corporate Purchase Card must not be used for IT related expenses such as iPads, mobile phones, laptops or software for example, without express written approval from the Manager Information and Communication Services.

The Corporate Purchase Card must not be used for tools unless there are exceptional circumstances that warrant this to occur. In such events, the reasons shall be included on the reconciliation statement.

2.2.4 Corporate Purchase Card Lost or Stolen

In the event that a cardholder misplaces or loses the Corporate Purchase Card, the cardholder must report this immediately and without delay to the card provider/financial institution.

The cardholder must also report the loss of the card immediately to the Corporate Card Systems Administrator, Manager Finance or Director Finance in writing (email will suffice) who will also make the appropriate follow up with the financial institution.

The Corporate Card Systems Administrator, in conjunction with the cardholder must perform a reconciliation of the card account from the date the card was lost or stolen.

In the case where the Corporate Purchase Card is misplaced or lost over a weekend, the cardholder shall immediately notify the financial institution, and advise the Corporate Card Systems Administrator, Manager Finance and Director Finance in writing on the next working day.

2.2.5 Conditions of Use

Corporate Purchase Cards cannot be used to obtain cash advances, including for official functions.

Charging personal expenditure transactions on the Corporate Purchase Card is not acceptable under any circumstances. A breach of this Policy can lead to disciplinary action in accordance with the Code of Conduct. In all cases of misuse, Council reserves the right to recover monies from the cardholder.

Where personal purchases are made on the Corporate Purchase Card in error, these must be identified, and the charges will be recouped from the cardholder with an invoice being raised directly to the cardholder with immediate payment required, or with the cardholder's approval a payroll deduction may be arranged. Accidental purchases are not considered to be a breach of the Policy or misuse, however they must be followed up and repaid to the Council in a timely manner.

Transactions that appear to be unreasonable, excessive and unauthorised, along with repeated personal purchases will be reported to either the Manager Finance or the Director Finance. Any breach by a cardholder will be investigated and necessary action taken which may include disciplinary action in accordance with the Code of Conduct, and/or cancellation of the Corporate Purchase Card.

All documentation regarding a Corporate Purchase Card transaction is to be retained by the cardholder and produced as part of the reconciliation procedure.

Transaction limits are not to be exceeded. If additional credit is validly required during the month, a request is to be made to the Manager Finance so appropriate steps can be taken to ensure sufficient funds are available.

Purchases must not be split into smaller transactions (or over multiple Corporate Purchase Cards) to circumvent purchasing delegations or transaction limits.

The use of a Corporate Purchase Card by the Mayor must be in accordance with the Payment of Expenses and Provision of Facilities to Councillors Policy (POL 025).

2.2.6 Guidance for “Official Business Purposes”

- The item which is being purchased must have a direct business association with the Council
- Working meals are not to be a regular occurrence. When they are required, they will generally involve participation of persons outside the organisation, unless travelling, and are to be pre-approved by the General Manager or relevant Director.
- The expenditure incurred cannot provide a personal benefit to Council employees, members of their family or friends unless a tribute to a family needs to be considered in accordance with the Condolences and Memorials for Staff and Councillors Policy (POL 042).
- Tips are not permissible, except where it may be a normally expected payment, when a cardholder is overseas for instance and tips are an expected practice, however generally tips should not exceed 10% of the bill total.
- Expenditure or minor gifts of protocol or public relations are not acceptable unless such gifts are in conformity with the Council's functions and could be considered acceptable in accordance with community expectations.
- Provision of certain facilities for work purposes at home which would, under normal circumstances, be provided by the employee or the Mayor for personal use, are not legitimate expenses e.g. payment for a TV antenna which may be installed to enable employees to receive transmissions to be aware of matters raised by the media, as part of their normal duties.

The above requirements do not, apply to expenditures to which legislative, industrial or Council Policy provide for reimbursement of expenses.

2.2.6.1 Appropriate Expenditure

Appropriate and reasonable expenditure means that the General Manager or delegate must be comfortable in disclosing the expense, should that be required, and be able to identify the benefit to Council and the public generally.

The following are examples of expenditure that are deemed to be appropriate for the use of the Corporate Purchase Card:

- Meals when travelling for work related purposes when they are not included as part of the training or conference and there has not, or will not be an allowance provided – for further guidance on allowable meal costs, refer to *FIN.DIR.001 Operating Standard on Expenditure for Conferences, Travel, Accommodation and Hospitality Relating to Official Council Business (currently in draft)*
- Subscriptions or memberships for work related purposes after seeking appropriate authorisation from your supervisor or Manager
- Domestic travel related expenses such as taxi fares (where taxi vouchers have not been provided), parking expenses, tolls (where an E-Tag is not fitted) that are directly incurred with the event that you're attending (e.g. return trip from the airport to the conference venue)
- Items only available or best procured by internet purchase such as online membership renewals or Corporate Scorecard Reports
- Purchases less than \$200 (including GST) at suppliers where Council has an account with

2.2.6.2 Inappropriate Expenditure

The following are examples of expenditure that are deemed to be inappropriate and are not to be placed on the Corporate Purchase Card:

- Purchasing meals when they are included as part of the training or conference
- Personal subscriptions or memberships – if allowable, they should be undertaken using a reimbursement process
- Flights and accommodation – these are only to be undertaken by the Executive Assistants, dedicated Business Support staff or Governance Officer (in relation to Councillors)
- Information and Communications Technology expenses such as iPads, mobile phones and software
- Tools that should be purchased with the use of a Purchase Order
- Payment of fines or penalties

- Donations (including charitable or political) and sponsorships (unless funds have been received (ie. staff donations received from Mufti days whereby the charitable organisation only accepts payment via credit card)
- Working meals with only Council employees present, unless travelling
- Travel-related expenditure including meals and incidentals for which the cardholder has received, or will receive a travel allowance
- Purchase of cash exchangeable products, for example, traveller's cheques or foreign currency
- Repetitive procurement that could be established as a purchase order
- Purchase of goods that are held as inventory in the Store
- Purchase store credits for food and beverages
- The purchase of coffee or other food and beverages on your way to or from work (this includes purchases at the Wagga Wagga Airport for your departing flight)
- Purchases greater than \$200 (including GST) at suppliers where Council has an account with – Cardholders are to raise a purchase order for these purchases

2.2.7 Reward Schemes

Reward schemes cannot be used for personal benefit i.e. (Frequent Flyer Programs or airline lounge memberships) or loyalty/reward cards, ie. Woolworths Everyday Rewards, Flybuys etc.).

The Corporate Purchase Card issued will not have a reward program attached, and while travel may be booked using a Corporate Purchase Card, a reward scheme must not be attached thereafter.

Cardholders are reminded that purchases that may attract an entitlement to personal reward schemes (i.e. when booking flights, accommodation, etc.), are considered a personal benefit, and will be subject to disciplinary action in accordance with the Code of Conduct.

2.2.8 Purchasing

The use of a Corporate Purchase Card must be in accordance with Council's Procurement and Disposal Policy (POL 110) and Procurement Manual, and does not negate the necessity to ensure that you achieve the best value for money meet the quotation requirements.

Corporate Purchase Cards are only to be used to purchase goods and services on behalf of Council for which there is a budget provision.

A tax invoice is required for all Corporate Purchase Card purchases. All tax invoices must include an ABN, total amount, whether GST applies and a brief description of

goods and services purchased. Confirmation document and EFTPOS receipts are not acceptable.

The purchase of fuel on a Corporate Purchase Card should only be undertaken in emergency situations as provision is made for access to fuel for Council vehicles.

Where purchases are made over the telephone or the internet, an invoice should be requested to support the purchase. If no such invoice or receipt is available, as much detail about the transaction should be recorded and used to support the payment when required (date, company, address, ABN, amount, and any GST included).

Where a payment is made for meals or entertainment, employees and/or the Mayor must note on the reconciliation report the number of persons the expense relates to and the names of any Council employees in that number. This is required to ensure the Council pays the correct amount of Fringe Benefits Tax.

2.2.9 Reconciliation Procedures

The cardholder of the Corporate Purchase Card is responsible for completing the reconciliation statement and this must be authorised by an Authorised Officer and their Divisional Manager.

Cardholders have 10 working days from receipt of the reconciliation statement to complete this and have the Authorised Officer and their Divisional Manager authorise the transactions listed on the statement.

Transactions shall be accompanied by a sufficient explanation of why the expense was incurred.

All cardholders will ensure that the goods or services paid for on the Corporate Purchase Card are actually delivered or provided.

Transactions shall be accompanied by an account number for job costing purposes.

If no supporting documentation is available the cardholder must provide a statutory declaration detailing the nature of the expense and must state on that declaration "all expenditure is of a business nature". Approval of this expense is referred to the Authorised Officer for a decision. Should lack of detail be a regular occurrence for a particular cardholder, the cardholder may have their Corporate Purchase Card withdrawn at the discretion of the Manager Finance or Director Finance. Use of a statutory declaration is for exceptional circumstances rather than the norm.

If a credit is required for a transaction made using the Corporate Purchase Card, the cardholder must request the credit as soon as they become aware of the need for a credit, for example, where a good or service is not delivered or not provided in accordance with original expectations.

Should approval of expenses be denied, recovery of the expense shall be met by the cardholder.

The cardholder shall sign and date the Corporate Purchase Card statement with supporting documentation stating “all expenditure is of a business nature”.

2.2.10 Business Continuity

Council’s Business Continuity Plan (BCP) allows provision for interim increases to Corporate Purchase Card limits (where required) where the BCP has been activated in an emergency event. This provision overrides any other Corporate Purchase Card limit outlined in this Policy.

APPENDIX A

CORPORATE PURCHASE CARD - CARDHOLDER AGREEMENT

I (*insert cardholder's name*) acknowledge that I have read and understood the Council's Corporate Purchase Card Policy (POL 053) and agree to comply with the conditions and responsibilities outlined in this Policy and any subsequent change to this Policy.

I acknowledge that I have been authorised a Corporate Purchase Card transaction limit of (*insert limit*) for my position with Council of (*insert position title*) with a monthly credit limit of \$5,000/\$10,000 (*remove whichever amount is not applicable*).

I acknowledge that a breach of this Policy can lead to disciplinary action in accordance with the Code of Conduct and provisions outlined in Council's Corporate Purchase Card Policy (POL 053).

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Cardholder Signature

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Date