

Policy

Title: Purchasing Card Policy

Category: Corporate Governance

Date Last Adopted:

1. Purpose

The purposes of the purchasing card policy and procedure herein are:

- To ensure approved goods and services only are procured;
- To ensure approved goods and services are procured conveniently, efficiently and effectively;
- To ensure employees can adequately carry out their role; and
- To ensure employees understand what is required of them in regard to the application and use of the Purchasing card.

2. Scope

This Policy applies to all City of Hobart operations.

This document should be read in conjunction with purchasing card administrative processes as defined in Appendix 3 – Purchasing card workflow.

This document excludes specific guidance on processes and procedures for reconciling and recharging Purchasing card Transactions. This information can be found in the xxxxxxxxxxxxxxxx.

3. Policy

3.1 General

Purchasing cards are available to authorised Council employees provided they have a legitimate business need and are approved by the Divisional Director, following endorsement by the respective Unit / Group Manager. The following worker types are **not** authorised to hold a Purchasing card:

- Independent Contractors;

- Labour Hire workers or temporary personnel placed with the City by a temporary agency;
- Employees denied a purchasing card through the application process;
- Employees who have not signed the Purchasing Card Acknowledgement Form (see Appendix 1) or do not re-sign on a bi-annual basis;
- Suspended employees;
- Terminated employees; and
- Student or internship placements.

3.2 What a City of Hobart Purchasing Card can be used to purchase

Purchasing cards **can** be used for the following purposes:

- Legitimate Council purchases only
- Low value, high volume purchases

Purchasing cards **cannot** be used for the following purposes:

- Personal use – the Purchasing card cannot be used for any matter which personally benefits the cardholder.
- Personal purchases including those while on travel such as minibar purchase and in-room movies and where the intention is to reimburse the private expenditure.
- The payment of fines including parking fines.
- Airline club memberships.
- Purchases of or payment for entertainment or hospitality not associated with official Council business activities. Transactions that would be deemed acceptable entertainment expenses are outlined in the Procedure xxxx.
- Linking the credit card to online accounts held with alternative providers such as PayPal.
- Cash withdrawals.
- Items available from stock at the Store listed on the Council Business Centre (CBC) at:
http://cbc/Divisions/Financial_Services/Procurement_Portal/Clearys_Gates_Store , unless an item is out of stock, not fit for purpose or urgently required.
- Fuel or fuel-related products.
- High risk works as described on the CBC at:
http://cbc/Divisions/Corporate_Services/Human_Resources/Work_Health_Safety
- IT equipment such as mobile phones and iPads unless procured by ICT in accordance with the formal process.

- Fixed assets.

3.3 Card Holder Accountabilities and Responsibilities

3.3.1 How to apply for a Purchasing card

The application and approval process is documented in Appendix 1 – Requesting a Purchasing card.

3.3.2 By requesting a Purchasing card the Card Holder agrees to the following:

- To comply with the Purchasing card Policy.
- To ensure the Purchasing card is only used by the Card Holder.
- The Card Holder must sign their card immediately upon issue.
- Expenses paid using a Purchasing card must be approved by the relevant financial delegate.
- Acquit all transactions on the purchasing card statement no later than 15 days after the close of the previous month.
- To provide a full description of transactions during the acquittal process.
- It is the Card Holder's responsibility to ensure they obtain supporting documents for all card purchases. Document submission requirements are documented in Appendix 4 – Document Submission Requirements.
- That all goods or services paid for using the Purchasing card have been received by Council.
- To return the Purchasing card to the Purchasing card Administrator upon a transfer or resignation unless the new role requires a Purchasing card and the new Manager has recommended and the Divisional Director approved such.
- To advise the Purchasing card Administrator if they no longer require the card.
- To keep the card secure at all times to prevent loss, theft or misuse and not store their full credit card number and expiry date elsewhere.
- To report all instances of lost or stolen cards to the Commonwealth Bank immediately.
- Before using the Purchasing card, the Card Holder must ensure that the purchase is compliant with this policy.
- It is also the Card Holder's responsibility to obtain maximum value for money when purchasing on behalf of the Council.
- Splitting the cost of one single payment (whether goods or services) into multiple payments in order to circumvent the card Transaction limit is not allowed and will be considered an instance of non-compliance with this policy.
- The Card Holder is responsible to ensure that the correct cost allocation is assigned to each card transaction.

- If goods or services are to be returned or refunded for any reason, it is the Card Holder's responsibility to ensure that the transaction is refunded.

3.3.3 Security and non-compliance with Policy or Procedure

Card Holders are responsible for ensuring their City of Hobart purchasing card is kept secure at all times.

Financial Services will undertake monthly audits of a sample of transactions to ensure compliance with the policy. All unacquitted transactions will be reported to the Executive Leadership Team (ELT) on a monthly basis.

Where card holders do not comply with this Policy, the following consequences will apply:

- Non-compliance with purchasing card transaction acquittals timing – 30 days late = email reminder; 45 days late = email reminder to Card Holder and their Manager; 60 days late = card limit reduced to zero until acquittal completed.
- Use of card for unapproved purposes – disciplinary action may result which could include a requirement for staff to refund the money
- Any other misuse of the card - any employee who engages in inappropriate and unacceptable use of a Council issued card will face disciplinary action under the Council's disciplinary procedure (see Human Resource Policies and Procedures Discipline Policy and Procedure. The nature of any disciplinary action taken will be dependent upon the nature, extent and circumstance of the breach. Breaches of a serious nature may result in summary dismissal.

Periodic review of credit card controls will be conducted by the City's internal auditors.

3.3.4 Lost Purchasing card or disputed transactions

If the card Holder loses their card or has it stolen, they must call the Commonwealth Bank of Australia on tel: XXXX immediately and advise their Supervisor / Manager.

It is the Card Holder's responsibility to ensure the charges received on their statement are valid.

If the Card Holder identifies a charge against their Purchasing card that they did not incur, or dispute the value, they need to contact the Supplier where practicable in the first instance. If not resolved then they must report the matter to the Commonwealth Bank and advise the Purchasing card Administrator.

The Card Holder should ensure that any disputes are actioned as soon as they are identified.

3.4 Application Assessment

All requests for a Purchasing card should be made to the Unit / Group Manager in the first instance using Form XXXX.

The Unit / Group Manager should assess the requirements for a purchasing card based on the purchasing requirements and frequency of such by the individual / unit.

The Divisional Director has overall responsibility for approving the issuing of Purchasing cards for his / her Division.

The Director Financial Services is responsible for approving the issuing of Purchasing cards at Divisional Director level and above.

3.5 Card Credit Limits and Credit Risk Exposure

3.5.1 City of Hobart Overall Purchasing Card Facility and Credit Risk Exposure

The City of Hobart will agree an overall purchasing card facility limit with its transactional banker, currently being the Commonwealth Bank of Australia, which will accommodate the necessary purchasing card limits required to support the procurement and purchasing for the business in accordance with this policy.

Purchasing cards are provided with a default set of spend limits, although each card request will be assessed on its merit with limits set recognising the type of spend, value and frequency.

Individual transactional spend limit will generally be \$1,000 unless the cardholder has a need to regularly purchase above that limit.

Any changes to the card limits will require re-approval by the relevant Director to ensure City of Hobart manages its credit exposure effectively.

The Purchasing cards are settled every month between Council and the Commonwealth Bank of Australia with the corresponding statement amount charged to a suspense account awaiting acquittal and allocation by the Card Holder.

3.5.2 Period Review of Credit Limits

The City will periodically review credit limits to ensure they continue to be set at levels appropriate to council's requirements.

3.5.3 Financial Delegations

The City of Hobart's financial delegations will be aligned to the approved individual purchasing card limits to support efficient and effective procurement and purchasing of low value and high volume transactions.

3.6 Authorisation and Approval of Purchasing card Transactions

The Card Holder must not delegate the responsibilities of Card holders, as outlined in section 3.2.2, to another Officer including the monthly acquittal process by the card holder and subsequent review and authorisation by the Manager or financial delegate.

The Manager or financial delegate has the following responsibilities:

- That items purchased using the Purchasing card were purchased for legitimate Council business.
- The purchases on the Purchasing card comply with applicable City of Hobart policies.
- That all purchases for the month are supported by attached documentation as outlined in Appendix 4.
- That purchases made are within the financial delegation of the Card Holder.
- That purchases were not for any of the excluded purposes outlined in section 3.2.

Circular Approvals

A staff member may not approve a transaction on a Purchasing card that they are party to. For example, a manager may not request a transaction be incurred on a staff members card and then subsequently approve that transaction.

In these instances, another Manager or financial delegate not party to the purchase should approve the transaction.

4. Definitions

“Card Provider” refers to the bank issuing the Purchasing card

“Purchasing card” refers to the Bank Purchasing card

“Card Holder” refers to the named individual on the Purchasing card

“The Purchasing card Policy Document” refers to this document

“Purchasing card Administrator” refers to a Finance role

“Fixed Asset” refers to assets which are purchased for long-term use such as equipment, land or buildings.

“Acquittal of the card” refer to the process of recording the relevant information of Purchasing card spend for taxation and policy compliance purposes, as well as allocating costs and providing the relevant supporting documentation.

“GST” refers to Goods and Services Tax.

5. Legislation, Terminology and References

Local Government (General) Regulations 2015

Local Government Act 1993

City of Hobart Code of Conduct

City of Hobart Fraud and Corruption Control Plan

City of Hobart Code for Tenders and Contracts

Council's Delegations Register

Council Policy – Asset Management

Appendix 1 – Requesting a Purchasing card

The following steps should be completed to obtain a Purchasing card:

1. Complete City of Hobart Purchasing card Approval form
2. Complete Card Provider Purchasing card Application form
3. Complete and return the Purchasing card Acknowledgement Form
4. Forward approved forms and acknowledgement form to the Program Administrator

The Purchasing card Acknowledgement Form is required to be signed on an ongoing basis every two years to ensure staff regularly acknowledge their responsibilities under this Purchasing card Policy.

City of Hobart Purchasing card Approval Form Notes:

- This form must be completed in full, with all sections answered
- The applicant cannot be the Approver
- All approvals must be obtained before completing the Card Provider Purchasing card Application Form
- All City of Hobart Purchasing card Approval forms should be retained in the City's records management system as evidence of the approval process.

Card Provider Purchasing card Application Form Notes:

- Please leave Particulars of Company blank, as this is for Purchasing card Administrator use.
- Your 'Employee ID no.' is the number on your pay advice.
- Purchasing cards will **not** be able to withdraw cash from cash machines.
- Once the application has been completed, it must be forwarded to the Purchasing card Administrator for processing along with the approved Internal Purchasing card Approval form as per step 3 above.

Purchasing card Acknowledgement Form Notes:

- Your application will not be processed until the completed form is received by the Purchasing card Administrator.

Appendix 2 – Amendment Request Form

Requests to amend an existing Purchasing card can be actioned by using the following form: Purchasing card Amendment Form.

Purchasing card Amendment Form Notes:

- This form must be completed in full, with all sections answered
- The card holder cannot be one of the Approvers
- All relevant approvals must be obtained before submitting the form to the Program Administrator
- Unblocking default MCC are not allowed. All requests should be forwarded to:

Purchasing card Program Administrator

Note: If the amendment request is to lower the card limit, and to add Merchant Category Blocks, then no formal approval is required.

Appendix 3 – Purchasing card workflow

XXXX

(Flowchart diagrams will be inserted to assist staff in understanding the policy requirements in purchasing an item, acquitting the expenditure at month end and obtaining Manager/financial delegate approval.)

Appendix 4 – Document Submission Requirements

In order for the Council to be able to claim the GST, a valid Tax Invoice must be received. (Please note that an EFTPOS receipt is not a valid tax invoice for GST purposes).

Card Holders are required to provide appropriate documentation for all transactions on the Purchasing card. It is not acceptable to consistently fail to produce appropriate supporting documentation.

The Tax Invoice requirements are:

Under \$82.50 (including GST)

- A valid tax invoice – which is the preferred type of supporting documentation
- Cash register docket
- Receipt; or
- Invoice.

If these are not available, a diary entry with the name and ABN of the supplier, the date of purchase, a description of the items purchased, and the amount paid is acceptable.

Over \$82.50 and under \$1,000, the tax invoice must contain the following:

- ABN of the Supplier
- Price and Quantity for the supply
- The words 'Tax Invoice'
- The date of issue of the Tax Invoice
- The name of the Supplier
- A brief description of each item supplied
- A statement that the total amount includes GST; **or**
- Separately show the total amount of GST payable.

Additional requirements **over \$1,000**

- Name of the recipient
- Address or the ABN of the recipient

The only occasions when you may not receive a Tax Invoice are when purchasing from an overseas supplier that is not registered for Australian GST, however, the supplier should still give you an Invoice.

Appendix 5 – Guidance where no documentation is available

Where a valid tax invoice or original receipt is not available, the card holder should provide sufficient information regarding the transaction in the approving financial delegate. This information should include the supplier name, date, time, amount, description of what was purchased and the purpose of the purchase. Effort should be made to ensure original documents support each card transaction.

Card Holders must not consistently fail to produce appropriate supporting documentation for Purchasing card transactions.

Responsible Officer:

Director Financial Services

Policy first adopted by the Council:

History

Next Review Date
