



CITY OF HOBART

MINUTES ATTACHMENTS

FINANCE AND GOVERNANCE COMMITTEE MEETING

OPEN PORTION OF THE MEETING

WEDNESDAY, 13 FEBRUARY 2019

AT 4:30 PM

VENUE: LADY OSBORNE ROOM, TOWN HALL

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City of Hobart

PURCHASING CARD POLICY

Version 1.0

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1 Policy Statement

1.1 Scope

Purchasing 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 improve purchasing efficiency by reducing administrative costs.

However, any transaction method holds the potential for misuse and the convenience and flexibility of purchasing cards can be a vulnerability. Therefore, sound policies and protocols for use and control must be established to minimise the opportunity and impact of misuse of funds.

The policy applies to purchasing cards, which includes credit, debit, EFTPOS and similar bank cards issued by Council and used for purchasing on behalf of Council. The key features of an account to which this policy applies are:

- (1) Purchasing responsibility on the account holder;
- (2) A bank card for making purchases utilising Council finances; and
- (3) A periodic transaction statement cycle.

This Policy applies to all City of Hobart operations.

1.2 Purpose

The purpose of this policy is to provide guidance on how City of Hobart corporate purchasing cards (purchasing cards) are to be allocated, used and administered to ensure that purchasing cards assist in efficient delivery of Council services while minimising the potential for misuse and fraud and specifically to ensure:

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

1.3 Purchasing Principles

Cardholders must conform to sound principles of purchasing when using a purchasing card. These principles are detailed in the City of Hobart Purchasing Policy and Guidelines.

1.4 Preferred Purchasing Methods

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

- (1) Larger purchase amounts, typically of \$1,000 or more; or
- (2) Purchases requiring agreement between parties on terms (of service, engagement or sale).

1.5 Related Legislation, Policies and Procedures

Understanding and complying with this policy relies on understanding and complying with legislative requirements and several other related Council policies, including:

- *Local Government (General) Regulations 2015 (Tas)*
- *Local Government Act 1993 (Tas)*
- City of Hobart Purchasing Policy and Guidelines
- 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
- Business Related Travel and Expenses Policy
- Entertainment Expenses Policy

All Council purchasing, including with a purchasing card, must be undertaken in compliance with these related policies.

1.6 Policy Review and Update Cycle

This policy is to be reviewed every two years as a minimum. Purchasing card allocation and purchasing limits are to be reviewed at the same time as the policy review or as required by changes in the business that warrant such a review. Variations to this policy will be subject to Council approval.

1.7 Corporate Purchasing Card (CPC) Administrator

Responsibility for the corporate purchasing card facility rests with the Director Financial Services who shall nominate an administrator for the facility to be known as the "CPC Administrator", who shall facilitate its use across Council.

The CPC Administrator (or any person nominated to act in that capacity from time to time) will be responsible for administering the CPC, including the following key elements:

- Ordering, credit limit variations and cancelling purchasing cards;
- Education and training of Cardholders;
- Monitoring the CPC to ensure its effectiveness as an adjunct to the Council's usual purchasing processes;
- Monitoring purchasing cards and limits on a monthly basis and advising the Director Financial Services of issues or non-compliance;
- Ongoing review and refinement of the administrative aspects associated with the operation of the card facility within the Council, in association with the Director Financial Services; and
- Appropriate maintenance of the Guidelines and Procedures and supporting documentation.

1.8 Definitions

The following terms apply within the policy, guidelines and associated documents:

Acquittal of the Card	Process of recording the relevant information of Purchasing card spend for budgeting, taxation and policy compliance purposes, as well as allocating costs and providing the relevant supporting documentation.
Authoriser	Officer holding the position of Supervisor, Manager, Group Manager, Associate Director or Director.
Authorised Person	A Council employee who has a legitimate business need and is approved by the Divisional Director, Associate Director or Director Financial Services to hold a Purchasing card.
Card Provider	Bank issuing the Purchasing card.
City of Hobart	City of Hobart also means Hobart City Council.
CPC	City of Hobart Corporate Purchasing Card Facility.
CPC Administrator	Officer assigned to administer the Corporate Purchasing Card Facility.

Fixed Asset	Fixed Asset refers to assets which are purchased for long-term use such as equipment, land or buildings.
GST	Goods and Services Tax.
Plant & Equipment fixed asset	Plant and equipment assets are assets with an expected life of more than 2 years with a value greater than the Council asset materiality and attractive items thresholds e.g. power tools, desks, tablets, computers, vehicles, plant etc.
Purchasing card	The reference to Purchasing card throughout this document both refer to a credit card issued by the Financial Institution for Hobart City Council.
Purchasing Officer	Officer responsible for the purchase of goods or services in exercise of their position within the City of Hobart and in accordance with their financial delegation.
Purchasing Cardholder	Officer nominated by the Divisional Director, Associate Director or Director Financial Services for Director level and above to hold a purchasing card for the procurement of goods and services on behalf of responsible purchasing officers in accordance with Council's Purchasing Card Policy, guidelines and procedures.

2 Control of Purchasing Cards – For Authorisers

2.1 Risk Management Strategy

Each active purchasing card represents a risk of accidental or intentional misuse of public funds and each purchasing limit amount is the extent of that risk. To minimise risks associated with purchasing cards, the City of Hobart must:

- (1) Allocate purchasing cards according to an organisation-wide strategy and avoid allocating on an ad hoc basis;
- (2) Only issue cards where the operational benefits of efficient purchasing outweigh the increase in risk;
- (3) Maintain control on the total number of purchasing 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, considering the alternative payment options available;
- (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;
- (6) Undertake regular audits of the purchasing card facility; and
- (7) Undertake monthly audits of a sample of transactions to ensure compliance with this Policy.

2.2 Authorisers

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

- (1) May authorise or decline the issuing of purchasing cards to a cardholder;
- (2) May authorise or decline applications for the variation to monthly purchasing 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; and
- (5) If they are allocated a purchasing card, **may not** authorise their own purchases, variations to monthly purchasing limits or issuing their own purchasing card.

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

- Director Financial Services;
- Director or Associate Director of any City of Hobart Division;
- Any person temporarily delegated with the above Authorised positions; and
- Any City of Hobart employee with a financial delegation and holding the role of Supervisor or Manager.

2.3 Allocation of Purchasing Cards and Credit Limits

2.3.1 Allocating Purchasing Cards

Purchasing cards are available to authorised Council employees provided they have a legitimate business need. 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 **Cardholder Acknowledgement of Conditions of Use** Form or do not re-sign on an bi-annual basis;
- Suspended employees;

- Terminated employees; and
- Student or internship placements.

Purchasing cards are allocated to people in roles that require them.

A purchasing card will not be allocated to Councillors or Aldermen.

2.3.2 Issuing Purchasing Cards

- (1) The issue of each purchasing card must be authorised by an Authoriser and recorded.
- (2) An Authoriser cannot authorise the issue of their own purchasing card.
- (3) A person in a role that is allocated a purchasing card is not obliged to hold one.

2.3.3 The General Manager's Purchasing Card

Where the General Manager is allocated a purchasing card, if they choose to hold one:

- (1) The purchasing limit for the General Manager is determined by the Director Financial Services including subsequent adjustments; and
- (2) All statement reconciliations and purchasing limit changes for the General Manager's purchasing card are sighted and endorsed by the Lord Mayor (who is not an Authoriser) and authorised by the Director Financial Services who is an Authoriser.

2.4 Setting Limits and Controls on Purchasing Cards

- (1) The combined purchasing limit of all cards is to be no more than the amount agreed with the transactional banker or other provider for this facility. Alterations to the purchasing limit of all cards will be negotiated with the institution by the Director Financial Services in line with the City's Long-term Financial Management Plan.
- (2) Monthly credit limits for individual Cardholders will be set at a reasonable level to enable the Cardholder to conveniently execute their role, considering budget constraints and the alternative payment methods available.
- (3) The CPC Administrator will periodically review purchasing limits to ensure they continue to be set at levels appropriate to council's requirements and notify other Directors or Associate Directors of any requirement amendments to limits.
- (4) Any Director or Associate Director may periodically review purchasing limits in their Division to ensure they continue to be set at levels appropriate to Council's requirements.

2.5 Review of Purchasing Card Allocation and Credit Limits

The allocation of each purchasing card and their credit limits is to be set according to operational requirements and authorised by the Divisional Director, Associate Director or Director Financial Services for Divisional Director or above.

Purchasing card allocation and credit limits will be periodically reviewed by the CPC Administrator, with a minimum review period of two years, in conjunction with the policy update cycle. The aim of each review is to ensure that purchasing 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 cancelled, 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.

Where the operational benefits to Council of a role holding a purchasing card no longer outweigh the increase in risk of the extra card, or the Cardholder changes roles where it has been identified that no purchasing card is required, the purchasing card should be returned to the CPC Administrator and cancelled.

2.6 Amendments to Monthly Credit – Deciding Applications

A Cardholder may apply to vary the monthly credit limit. The **Request to Amend an Existing Purchasing Card Limit form** should be used. Variations to existing monthly expenditure limit applications are decided according to the following procedure:

- (1) A variation requires approval from two Authorisers.
 - (a) The approved **Request to Amend an Existing Purchasing Card Limit form** is completed and authorised by the appropriate Manager / Director.
 - (b) An Authoriser cannot authorise variations for their own purchasing card limits.
 - (c) Variations to the General Manager's purchasing card account are always reviewed and endorsed by the Lord Mayor (who is not an Authoriser) reviewed and authorised by the Director Financial Services who is an Authoriser.
- (2) Authorisers review the cardholder's purchasing and requested amendment history for adherence to this policy and justification of purchases.

2.7 Breach of Policy or Misuse

The intentional or unintentional misuse of the purchasing card for any transaction defined in section 4.6 *Prohibited Use and Transactions* would require immediate reimbursement of the same to the Council.

Any breaches of this policy by any Cardholder, Authoriser, staff or elected member, either directly or indirectly and 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 card;
- (4) Disciplinary action in accordance with Councils' **Disciplinary Policy**; or
- (5) Referral to police or civil proceedings.

Any employee or Cardholder who becomes aware of policy breaches or misuse, report them immediately to an Authoriser. Policy breaches or misuse should also be reported to Council and purchasing card allocation should be reviewed.

2.8 Security and non-compliance with Policy or Procedure

Cardholders are responsible for ensuring their corporate purchasing card is kept secure at all times.

The CPC Administrator 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 Cardholders 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 Cardholder 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 the Cardholder 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 reviews of purchasing card controls will be conducted by the City's internal auditors.

3 Statement Reconciliation and Acquittal Process – Cardholders and Authorisers

On receipt of the account transaction statement each month, the cardholder shall acquit the statement as per the CPC Reconciliation and Acquittal process document.

4 Purchasing Conditions of Use – For Cardholders

4.1 General Use

4.1.1 Requesting a Purchasing Card

All requests for a Purchasing card should be made to the Unit / Group Manager in the first instance using the **Request for Corporate Purchasing Card form**.

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 or Associate Director has overall responsibility for approving the issuing of purchasing cards for their Division.

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

- (1) Individual purchasing limits may, if required, be adjusted from time to time by the Director Financial Services (or his delegate) to enable the City of Hobart to remain within overall purchasing facilities or to align an individual purchasing Cardholder limit to an appropriate limit. These changes to limits may be either permanent or temporary.
- (2) The City of Hobart will agree an overall purchasing card facility limit with its transactional banker, which will accommodate the necessary purchasing card limits required to support the procurement and purchasing for the business in accordance with this policy.
- (3) 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.
- (4) Individual purchasing card limits will generally be \$1,000 unless the Cardholder has a need to regularly purchase above that limit.
- (5) Any changes to the card limits will require re-approval by the relevant Director or Associate Director to ensure City of Hobart manages its purchasing exposure effectively.
- (6) The purchasing cards are settled every month between Council and the transactional banker with the corresponding statement amount charged to a suspense account awaiting acquittal and allocation by the Cardholder.
- (7) Requesting a purchasing card for a Cardholder must be submitted on the **Request for Corporate Purchasing Card form** and authorised by the Divisional Director or Associate Director. An Authoriser cannot authorise the issue of their own purchasing card. The application to the transactional banker for the purchasing card will be undertaken by the CPC Administrator.

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

- Complete City of Hobart Request for Corporate Purchasing Card form
- Complete Card Provider Purchasing card Application form
- Complete and return the Cardholder Acknowledgement of Conditions of Use form
- Forward approved forms and acknowledgement form to the CPC Administrator

Applications will not be processed until the completed forms are received by the CPC Administrator.

The **Cardholder Acknowledgement of Conditions of Use form** is required to be signed on an ongoing basis every two years to ensure staff regularly acknowledge their responsibilities under this policy.

All completed forms should be retained in the City's records management system as evidence of the approval process.

4.1.2 Cardholder Responsibility and Liability

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

Purchasing 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.

4.1.3 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.

1. Cardholders must hold a Financial Delegation in order to make transactions on a Purchasing Card.
2. The appropriate **Request for a Financial Delegation** should be submitted to the General Manager at the same time as the **Request for a Purchasing Card** is submitted.
3. The financial delegation is deemed to be a financial delegation that is not transferrable when a temporary delegation is put in place to cover any leave taken by the Cardholder.

Cardholders should return the purchasing card to the Finance Department with a **Purchasing Card Held for Safe Keeping form** when taking leave for a period greater than four weeks.

4.2 Employee Agreement to use a Purchasing Card

By requesting a purchasing card the Cardholder agrees to the following:

- 1) To comply with the Purchasing Card Policy.
- 2) To ensure the purchasing card is only used by the Cardholder.
- 3) The Cardholder must sign their card immediately upon issue.
- 4) Expenses paid using a purchasing card must be approved by the relevant financial delegate.
- 5) Acquit all transactions on the purchasing card statement no later than 15 days after the close of the previous month.
- 6) To provide a full description of transactions during the acquittal process.
- 7) It is the Cardholder's responsibility to ensure they obtain supporting documents for all card purchases.
- 8) That all goods or services paid for using the purchasing card have been received by Council.
- 9) To return the purchasing card to the CPC Administrator upon a transfer or resignation unless the new role requires a purchasing card and the new Manager has recommended and the Divisional Director or Associate Director approved such.
- 10) To advise the CPC Administrator if they no longer require the card.
- 11) To keep the card secure at all times to prevent loss, theft or misuse and not store their full purchasing card number and expiry date elsewhere.
- 12) To report all instances of lost or stolen cards to the Transactional Banker immediately.
- 13) Before using the purchasing card, the Cardholder must ensure that the purchase is compliant with this policy.

- 14) It is also the Cardholder's responsibility to obtain maximum value for money when purchasing on behalf of the Council.
- 15) 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.
- 16) The Cardholder is responsible to ensure that the correct cost allocation is assigned to each card transaction.
- 17) If goods or services are to be returned or refunded for any reason, it is the Cardholder's responsibility to ensure that the transaction is refunded.

4.3 Authorisation and Approval of Purchasing Card Transactions

The Cardholder must not delegate the responsibilities of Cardholders to another Officer including the monthly acquittal process by the Cardholder and subsequent review and authorisation by the Manager or temporary financial delegate.

The Manager or temporary 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.
- That purchases made are within the financial delegation and the approved transactional limit of the Cardholder.
- That purchases were not for any of the excluded purposes outlined in section 4.6.

An employee 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.

4.3.1 Non-Cardholder Use

Only the designated Cardholder may use the purchasing card. Cardholders must not allow any other person to use their purchasing card or account or record or share their purchasing card number. This includes other Council employees or elected members.

Where an approved purchase is made on behalf of another Council staff or elected member, in compliance with this policy, you may use your purchasing card to purchase work-related items providing the expense is appropriate and approved in accordance with this policy and the **Purchase Requisition** form has been completed and signed by an appropriate financial delegate.

4.3.2 Receipts and Documentation for Every Purchase

Cardholders 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 wherever possible all purchases have original documentation. Contact vendors for original tax invoices if necessary.

In the absence of a valid tax invoice or original receipt, a Cardholder must provide sufficient information regarding the transaction to satisfy an Authoriser that the purchase is a valid work-related purchase that

¹ See *A New Tax System (Goods and Services Tax) Regulations 1999*:
https://www.legislation.gov.au/Details/F2011C00417/Html/Text#_Toc297551530

complies with this policy. The supporting information should include details of the transaction purpose, date, time, amount, vendor name and ABN, and your signature.

If the Cardholder makes a transaction of over e.g. \$82.50 and fail 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 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 purchasing card being revoked or disciplinary action in accordance with Error! Reference source not found..

Purchasing Cardholders 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 you must have a tax invoice which contains 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

- Must specify City of Hobart or Hobart City Council as the recipient / buyer, and
- include the City of Hobart ABN.

² Statutory declaration forms are available from the Department of Justice:
http://www.justice.tas.gov.au/forms/statutory_declarations

The only occasions when a Cardholder 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 provide an Invoice.

4.3.3 Guidance where no documentation is available

Where a valid tax invoice or original receipt is not available, the Cardholder should provide sufficient information regarding the transaction to the approving Manager or temporary 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. Please note that a supplier in Australia must provide a tax invoice within 28 days if requested to do so.

Cardholders must not consistently fail to produce appropriate supporting documentation for purchasing card transactions.

4.3.4 Lost, Stolen or Damaged Cards

If a Council purchasing card is lost or stolen, the Cardholder must immediately contact the transactional banker to report the lost or stolen card. Follow the advice of the institution and then advise your Manager, Director or Associate Director and the CBC Administrator, at the earliest opportunity.

Damaged cards can be reported to Council's CPC Administrator for a replacement card to be arranged.

4.3.5 Return of Cards

Return your purchasing card to the CBC Administrator for cancellation or held for safe keeping if you:

- (1) Are ceasing or terminating employment; or
- (2) Moving to a role that is not assigned a purchasing card; or
- (3) Taking extended leave from their role for one or more months or otherwise where the Cardholder feels retaining their purchasing card is an unnecessary risk;
- (4) No longer require, or do not wish to hold, a purchasing card.

4.3.6 Disputed or Fraudulent transactions

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

If the Cardholder 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 transactional banker and advise the CPC Administrator.

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

4.3.7 Applying for a Credit Variation (Cardholders)

A Cardholder may apply for a variation to the credit limit as either a temporary or permanent variation. An application can be made via a **Request to Amend an Existing Purchasing Card Limit** to an Authoriser, detailing the following:

- (1) The account balance and monthly purchasing limit;
- (2) Reasons for varying monthly limit;
- (3) Forthcoming purchases expected and amounts to justify the need for the variation.

Any applications for a credit variation require authorisation and may be declined if deemed not appropriate.

4.4 What a Purchasing Card can be used for

Purchasing cards can be used for the following purposes and purchases may generally be made with a Council purchasing card without prior written approval from Authorisers.

- Legitimate Council purchases only that are not prohibited under section 4.6 of this policy.
- Low value, high volume purchases
- Enterprise Technology Unit only – fixed asset purchases of mobile phones, smart devices, PCs and case gear where “best buy” or upfront payment is required

Travel expenses are expenses incurred in the course of authorised work-related travel. They include accommodation, transport, meals, and expenses incidental to travel. Purchasing cards are ideally suited to cater for expenses incurred while travelling. Travel expenses should be purchased in accordance with Council’s **Business Related Travel and Expenses Policy**.

Entertainment means the provision of food, drink or recreation, even if business discussions or transactions occur, but excludes travel expenses, such as meals on overnight, work-related travel. Some examples of entertainment include business lunches and social functions. Entertainment is defined by the Income Tax Assessment Act 1997, section 32-10 – Meaning of Entertainment³.

Entertainment is typically considered a private expense and must not be purchased using a Council purchasing card or funds without approval. If you are purchasing food or drink, you are purchasing entertainment, except where for valid work-related entertainment expenses.

There are a range of circumstances where entertainment expenses may be considered to be work-related and may be purchased with your Council purchasing card. Such work-related entertainment expenses include travel expenses (in accordance with Council’s Travel Expenses Policy), to support approved overtime work, for approved Council events or social functions or within an approved entertainment expenses budget for your role.

Entertainment may be deemed a work-related expense where the public interest of the entertainment clearly and substantially overrides the personal benefit, such as where the provision of entertainment supports a work-related, council-sponsored event or social function. Council should seek to avoid covering the entertainment expenses that would be seen to predominantly direct benefit to specific private individuals, such as contractors and private business representatives, except where incidental to a community-focused event or function.

Cardholders should apply for approval to use a Council purchasing card for entertainment expenses prior to incurring the expense. Cardholders who do not apply for approval of entertainment expenses prior to incurring the charge carry their own risk that it be considered a private and not a work-related expense and will be liable for the cost.

4.5 Consumer Loyalty Programs

A consumer loyalty program (e.g. Flybuys) is a marketing tool operated by a supplier of goods or services, or a group of such suppliers, to encourage customers to be loyal to the supplier. These programs require the customer to be a member of the program. Most frequent flyer programs only allow the person to purchasing travel to add to the frequent flyer account of the person flying. Flight rewards received by employees from employer-paid expenditure are not assessable income normally. Employees with loyalty

³ See the *Income Tax Assessment Act 1997*: <https://www.legislation.gov.au/Details/C2018C00056>.

programs who are booking airfare costs with existing airlines or travel agents, may accumulate frequent flyer points where the travel is only for the CPC holder who is booking the travel.

4.6 Prohibited Use and Transactions

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

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

- 1) Personal use – the purchasing card cannot be used for any matter which personally benefits the cardholder even if the Cardholders intent is to reimburse Council.
- 2) Personal purchases including those whilst on travel such as minibar purchase and in-room movies and where the intention is to reimburse the private expenditure that have not been authorised prior to the transaction by the General Manager or Director Financial Services and where there is no entitlement to claim reimbursement from City of Hobart for the same, even where there is an intent to reimburse Council. Only approved, work-related expenses in accordance with this policy may be incurred.
- 3) The payment of fines including parking fines. Council purchasing cards must not be used to pay fines of any nature. You must pay any fines that you incur.
- 4) Airline club memberships.
- 5) Purchases of or payment for entertainment or hospitality not associated with official Council business activities as outlined in section x above
- 6) 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.
- 7) 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 purchasing card details or linking to a purchasing 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:
 - The online account is restricted for use by the Cardholder;
 - The online account is for work-related purchases only, in accordance with this policy;
 - The online account is to be set up with the Cardholder's work email address and details and to be managed separately from any personal online payment/e-commerce accounts.

Permissions for online accounts should be centrally controlled and recorded by Council. Council purchasing cards must never be linked to personal online payment systems or accounts.

- 8) Cash Advances or withdrawing cash.
- 9) Refunds of purchases made on purchasing card must not be accepted in cash. Any refunds for purchases made on a Council purchasing card must be refunded back to the purchasing card account.
- 10) 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.
- 11) Fuel or fuel-related products. Council purchasing cards must not be used for fuel purchases, unless you are in an urgent situation when a fuel card is not available. Instead, fuel cards are the preferred method for refuelling work vehicles. You may apply for reimbursement of work-related fuel

expenses, however you must provide sufficient supporting evidence that documents the trip, its length, and purpose.

- 12) High risk works as described on the CBC at:
http://cbc/Divisions/Corporate_Services/Human_Resources/Work_Health_Safety
- 13) IT equipment such as mobile phones and IPads unless procured by ICT in accordance with the formal process.
- 14) Fixed assets.
- 15) Plant and equipment assets except fixed asset purchases of mobile phones, smart devices, PCs and case gear where “best buy” or upfront payment is required.