

- Objectives:** Progressive
- Outcome:** 4.1 - A resilient, efficient and effective organisation.
- Strategy:** 4.1.1 - Provide efficient, effective, innovative, professional management of Shire operations to deliver the best outcome for the community within allocated resources.

## Purpose

The purpose of the Corporate Purchasing Card Policy is to establish the use and responsibilities of the cardholder. Corporate Purchasing Cards can deliver significant benefits through improved administrative practices and more effective cash management. However, if not properly controlled, Purchasing Cards can also expose the Shire to significant risks. These risks can be minimised by implementing a policy to guide and control the responsible use of the Shire's Corporate Purchasing Card. Purchasing cards can be a more efficient purchasing method than that of formal methods in some circumstances. It can reduce administration costs, and the need to carry reasonable levels of petty cash.

## Legislation

The use of Corporate Purchasing Cards is not specifically mentioned in the *Local Government Act 1995*. However the impacts of the use and control of corporate credit cards are related to the following sections of the *Local Government Act 1995*:

1. *Section 2.7(2)(a) and (b)* requires the Council to oversee the allocation of the local government's finances and resources and determine the local government's policies; and
2. *Section 6.5(a)* requires the CEO to ensure that there are kept, in accordance with regulations, proper accounts and records of the transactions and affairs of the local government.

*Local Government (Financial Management) Regulations 1995 11(1) (a)* requires local governments to develop procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for, and properly authorised use of cheques, credit cards, computer encryption devices and passwords, purchasing cards and any other devices or methods by which goods, services, money or other benefits may be obtained.

## Definitions

Not applicable



## **Policy**

The following sections are designed to control the use of the Corporate Purchasing Card:

### **General**

1. The Shire of Serpentine Jarrahdale will operate one (1) Corporate Purchasing Card for the purposes of Shire business transactions.
2. The Shire's Corporate Purchasing Card is to be issued by the same financial institution that municipal transactions are made.
3. The Corporate Purchasing Card is to be issued to a nominated person (Cardholder) as per banking institution regulations. The nominated person will be the Director Corporate Services.
4. In the event that a cardholder ceases employment, takes an extended period of leave, the cardholder must notify the Chief Executive Officer two (2) weeks before termination date, to arrange cancellation and settlement of receipts.
5. In the event that the cardholder loses or misplaces the Purchasing Card it must be reported to the issuing financial institution by telephone. Written notification must also be forwarded to the Chief Executive Officer.
6. An agreement must be signed by the cardholder and the Shire setting out the cardholder's responsibilities and legal obligations when using the Corporate Purchasing Card.
7. Where the Corporate Purchasing Card, issued by the financial institution, includes reward schemes, these will be accumulated in the name of the Shire of Serpentine Jarrahdale. The Chief Executive Officer, at their discretion will decide how these rewards are utilised and could include offering these to charitable institutions, or sporting clubs. Under no circumstances is the reward scheme to be used for employees or Councillors' private benefit.

### **Breaches of the Corporate Purchasing Card Policy**

1. Any transactions that appear to be unauthorised, excessive, or unreasonable shall be reported to the Chief Executive Officer. Any breach shall be investigated and appropriate action taken by the Chief Executive Officer, including but not limited to withdrawal of the card or in more serious circumstances, possible termination of employment.

### **Purchasing**

1. The Corporate Purchasing Card shall only be used for purchasing goods and services on behalf of the Shire which are authorised in the current budget. Transactions must follow Council Policy 3.2.4 – Purchasing.
2. Personal expenditure is prohibited.



3. The Corporate Purchasing Card shall not be used for cash withdrawals.
4. The maximum credit limit is determined by the Chief Executive Officer.
5. All uses of Corporate Purchasing Card must be requisitioned and outline details of the purchase, the budget code and explanation as to why the Corporate Purchasing Card is being used in lieu of a Purchase Order. This must be authorised by the cardholder prior to purchase.
6. An invoice or receipt of purchase is required in all circumstances and must contain details of the purchase and submitted to the Director Corporate Services.
7. For Fringe Benefits Tax purposes, any expenditure for entertainment must include the number of people who were in attendance and the full names of any Shire employees.

### **Payments**

1. A monthly account statement shall be sent to the cardholder. The cardholder is required to certify the statement and attach all requisitions, invoices/receipts for transactions. All invoices/receipts must include the suppliers ABN, amount and whether GST applies, and a brief description of goods and services purchased.
2. A detailed summary of all purchases is to be provided to the Chief Executive Officer with the statement and all receipts. The Chief Executive Officer is to authorise the completed statement for payment.
3. All paperwork is to be returned to Financial Services within 7 days of receiving the statement.

### **Financial Services Responsibilities**

Financial Services shall:

1. Coordinate and register the issue, replacement and cancellation of the Corporate Purchasing Card.
2. Provide the cardholder with a copy of this Policy.
3. Process payments for the Corporate Purchasing Card. This includes ensuring all receipts and tax invoices are submitted and the relevant authorising officers have authorised the credit card statement.
4. Ensure the cardholder signs the Corporate Purchasing Cardholder Agreement when issued with a new card and place the signed agreement in the Corporate Purchasing Card Register in TRIM.

### **Cardholder Responsibilities and Obligations**

The Cardholder must:

1. Keep their card in a safe place.



2. Ensure purchases are within the card limit, budget, and authority to do so.
3. Adhere to policies and procedures in relation to the Corporate Purchasing Card Policy and Council Policy 3.2.4 - Purchasing.
4. Ensure all requisitions, receipts and tax invoices are provided and submitted to Financial Services with the purchasing card statement, within seven (7) days of receipt.
5. Assign costing accounts for each item on the purchasing card statement.

**Reporting**

Council shall receive a detailed list of transactions for the Corporate Purchasing Card as part of the monthly financial reporting requirements.

**References**

<b>Name of Policy</b>	3.2.6 Corporate Purchasing Cards			
<b>Previous Policy</b>	G917 – Corporate Purchasing Cards (E15/5096)			
<b>Date of Adoption and Resolution Number</b>	Adopted	CGAM051/04/11	27/04/2011	Ordinary Council Meeting
	Adopted	OCM193/05/13	13/05/2013	Ordinary Council Meeting
<b>Review dates and Resolution Numbers</b>	Reviewed	OCM18/09/15	29/09/2015	Ordinary Council Meeting
	Amended	OCM093/05/16	29/05/2016	Ordinary Council Meeting
	Modified	OCM179/12/17	18/12/2017	Ordinary Council Meeting
<b>Next review date</b>				
<b>Related documents</b>	<b>Acts/Regulations</b>			
	<i>Local Government Act 1995</i>			
	<i>Local Government (Financial Management) Regulations 1996</i>			
	<b>Plans/Strategies</b>			
	Strategic Community Plan 2017 - 2027			
	<b>Policies</b>			
Council Policy 3.2.4 - Purchasing				
<b>References</b>				
<b>Delegations</b>				
C007S Payments from Municipal or Trust Funds				
<b>Work Procedures</b>				
TBD				

Note: changes to references may be made without the need to take the Policy to Council for review.