

SHIRE OF NANNUP – Council Policy



Policy Number:	FNC8
Policy Type:	Finance
Policy Name:	Corporate Transaction Card Usage
Policy Owner:	Chief Executive Officer
Date of Approval	[insert date]
Council Resolution #	[insert Resolution Number]

POLICY STATEMENT

The Shire of Nannup (the Shire) is committed to ensuring the responsible, secure, and transparent use of Corporate Transaction Cards to support efficient financial operations and service delivery.

OBJECTIVE AND PURPOSE**Purpose and Objective**

To provide the Chief Executive Officer with a framework of principles to guide the use and management of Transaction Card facilities and which:

1. Ensures efficient and effective procurement and payment operations.
2. Minimises the risk of misuse, fraudulent or corrupt use.
3. Defines allowable and prohibited uses.
4. Defines management and oversight obligations.
5. Defines Cardholder duty of care and responsible use obligations.

DEFINITIONS

Term	Means
Transaction Card	means a card facility (which may include; credit, store, parking, cab-charge and fuel cards) approved for use in lieu of cash transactions, to incur expenditure for goods and services for the purposes of the Shire's business activities only in accordance with relevant Shire Policies.
Cardholder	An employee of the Shire authorised to incur expenditure by means of a Transaction Card.
CEO	Chief Executive Officer of the Shire of Nannup

SCOPE

This policy –

- provides an in-principle framework to guide the Chief Executive Officer when fulfilling their statutory duties for establishing and implementing appropriate systems and procedures for incurring expenditure and making payments specific to Transaction Cards; and
- applies to all employees of the Shire who are issued a Corporate Transaction Card.

The *Local Government Act 1995* does not allow for the issue of Corporate Transaction Cards to elected members. Elected Members are entitled to allowances or the reimbursement of expenses incurred on Council business.

IMPLICATIONS

- (1) Transaction Card facilities may be implemented and maintained where the card facility provides benefit to the Shire's operations by ensuring -
 - a) goods and services can be obtained in a timely and efficient manner to meet the business needs of the Shire;
 - b) financial management and accounting standards are met; and
 - c) purchasing and payment functions are secure, efficient and effective.
- (2) Transaction Card facility providers will only be acceptable where, in the opinion of the CEO, they –
 - a) Provide appropriate and sufficient statement, administration and acquittal controls that enable the Shire to sufficiently administer the facility; and
 - b) Provide the Shire with protection and indemnification from fraudulent unauthorised transactions.

IMPLEMENTATION

1. Authority for Approval of Corporate Transaction cards

- a) The Council approves the issue of a Corporate Transaction Card to the Chief Executive Officer to the limit of \$10 000.00. Any change to the transaction card limit is to be approved by Council.
- b) The Chief Executive Officer may approve the issue of a Corporate Transaction Card and any change to transaction card limits for any transaction cards issued to employees.

2. Principles for Transaction Card Usage

Allowable Transactions

- (1) Transaction Card facilities may only be used where -
 - a) The expenditure is directly arising from a Shire operational business activity for which there is an Annual Budget provision;
 - b) The expenditure is in accordance with legislation, the Shire's Purchasing Policy, Code of Conduct and any conditions or limitations applicable to the individual Cardholder.
 - c) The procurement of the required goods or services is impractical or inefficient if undertaken via a purchase order or cannot be obtained other than by a transaction card;

- d) Supplier surcharges (fees) on transactions are minimised and only allowable where the alternative method of obtaining the supply (i.e. by purchase order) is more onerous, not cost effective or there is no alternative mode of supply.
 - e) Hospitality expenditure may only occur when it is in accordance with the Shire's Policies or is undertaken with the express written permission of the CEO.
 - f) Official travel, accommodation and related expenses may only occur in accordance with Shire policies and procedures.
 - g) Accounts payable payments are made under the direction of the Executive Manager Corporate Services.
 - h) A sufficient record of each transaction is obtained and retained in the local government record.
- (2) Allowable transaction modes include:
- a) In-person and over the counter retail purchases.
 - b) Telephone or internet purchasing
 - c) Mail order purchasing and subscriptions.

Prohibited Transactions

- (1) The Shire prohibits the use of Transaction card facilities for –
- a) Cash advances;
 - b) Incurring expenses which are personal or private (i.e. any expenditure which is not an approved Local Government activity);
 - c) Making deposits onto the Card, whether to offset misuse or otherwise;
 - d) Incurring Capital expenditure;
 - e) Incurring expenditure for goods or services which are subject to a current supplier contract;
 - f) Incurring expenses which are not in accordance with legislation, the Shire's Purchasing Policy, the Annual Budget and / or the conditions or limitations relevant to the individual Cardholder;
 - g) Expenses for which another Transaction card is the approved facility (i.e. the Corporate Transaction card is not to be used for purchasing fuel or oil, as the Fuel Card is the approved facility for that purpose);
 - h) Splitting expenditure to avoid compliance with the Purchasing Policy or to negate limits or conditions applicable to the Cardholder; and
 - i) Incurring expenses for the primary purpose of obtaining personal advantage through the transaction (i.e. membership or loyalty rewards).

Cardholder duty of care and responsible use obligations

- (1) A Cardholder is required to -
 - a) Keep the Transaction Card and access information in a safe manner, protected from improper use or loss.
 - b) Only use the Transaction Card for allowable purposes and not for prohibited purposes.
 - c) Obtain, create and retain Local Government records that evidence transactions.
 - d) Acquit the reconciliation of Transaction Card usage in the required format and within required timeframes. The onus is on the cardholder to provide sufficient detail for each transaction to avoid any potential perception that a transaction may be of a personal nature.
 - e) Return the Transaction Card to the Shire before termination of employment, inclusive of reconciliation records.
 - f) Reimburse the Shire the full value of any unauthorised, prohibited or insufficiently reconciled expenditure.

- (2) Benefits obtained through use of a Transaction Card (i.e. membership or loyalty rewards) are the property of the Shire and may only be used for Shire business purposes. Such benefits must be relinquished by the Cardholder to the Shire. Under no circumstances may such benefits be retained as a personal benefit.

Transaction evidence

- (1) A sufficient transaction record must include the following minimum information -
 - a) Invoice and / or receipt that includes; the date, company name, address, ABN, amount and any GST amount included;
 - b) Where an invoice and / or receipt cannot be obtained, the Cardholder must provide a Statutory Declaration, in accordance with the *Oaths, Affidavits and Statutory Declarations Act 2005*, detailing the nature of the expense and sufficient information to satisfy the requirements of subclause (a) above.

- (2) Where a Transaction Card is used to incur an expense for hospitality, the transaction record must include for the purposes of Fringe Benefits Tax calculations and probity -
 - a) the number of persons entertained;
 - b) the names of any employees in that number; and
 - c) the purpose of providing the entertainment or hospitality.

Misuse of Corporate Transaction cards

Any alleged misuse of Transaction cards will be investigated and may be subject to disciplinary procedures.

Where there is reasonable suspicion of misconduct or fraudulent activity arising from Transaction card facilities the matter will be reported to the appropriate regulatory agency.

Recovery of Unauthorised Expenditure

Unauthorised expenditure or expenditure of a private nature that is proved to be inappropriate will be recovered by deductions from the employees salary.

Reporting

The Executive Manager Corporate Services will ensure that acquitted transaction statements for each Transaction Card facility are provided to Council as part of the monthly financial reporting regime.

AUTHORITIES AND ACCOUNTABILITIES

The CEO or their nominee is authorised to –

- a) Approve the issue and revoke corporate transaction cards.
- b) Set credit limits based on operational needs.
- c) Approve purchases in accordance with this policy.

ROLES AND RESPONSIBILITIES

- a) The Executive Manager Corporate Services is responsible for arranging the issue of the Corporate Transaction card on advice from the Chief Executive Officer.
- b) Finance Services are to –
 - Maintain a Card Register of all cardholders.
 - Arrange the issue/cancellation of the Corporate Transaction cards.
 - Arrange for all cardholders to sign the Corporate Transaction Card Agreement Form on receipt of the new card and ensure the signed agreement is filed in the Card Register.
 - Process payment of card expenditure on receipt of the card statement from the Bank.
 - To keep cardholders informed of any changes to policy and procedures relating to the use of the Corporate Cards.
- c) Employees issued with a Corporate Transaction Card are to adhere to this policy, any associated procedures and the Shire's Code of Conduct as it relates to the use of the card.

DISPUTE RESOLUTION (if applicable)

All disputes regarding this policy will be referred to the Executive Manager Corporate Services. If unresolved, the matter will be escalated to the CEO for final determination.

EVALUATION AND REVIEW

Effectiveness will be evaluated annually through:

- Audit of card usage and compliance.
- Review of transaction records and supporting documentation.
- Monitoring of transaction card charges and payment timeliness.

Key Performance Indicators:

- 100% of transactions supported by valid documentation.
- No unauthorised or personal expenditure.
- Timely payment of transaction card accounts.

RELATED DOCUMENTS

- *Corporate Transaction Card Agreement Form*

REFERENCES

- The *Local Government Act 1995* does not specifically mention the use of Corporate Transaction cards by officers in a Local Government. However, Section 6.5(a) of the *Local Government Act 1995* requires the Chief Executive Officer to ensure that proper accounts and records of the transactions and affairs of the Local Government are kept in accordance with regulations.
- The *Local Government (Financial Management) Regulations 1996* prescribe - Regulation 5, the Chief Executive Officer's duties to ensure efficient systems and procedures are established for the proper authorisation of incurring of liabilities and the making of payments; and Regulation 11(1)(a) and (2) requires Local Government to develop procedures that ensure effective security for the authorisation and payment of accounts and for the authorised use of payment methods, including transaction cards.
- *DLGSC Guidelines on Corporate Transaction cards*
- *ATO Ruling GSTR 2000/26*

RESPONSIBILITY FOR IMPLEMENTATION

Responsible Officer: Executive Manager Corporate Services

Contact Person: Finance Officer

Version OCM Ref. #	Date:	Next Review	ECM Reference #
1.			
2.			
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