

## Purchasing Card Policy 2019

<b>Unit:</b> <i>Finance Department</i>	<b>First Implemented:</b> <i>February 2005</i> <b>Effective From:</b> <i>Immediately</i> <b>Review Date:</b> <i>30 Jun 2019</i> <b>Version:</b> <i>4</i> <b>Trim Reference:</b> <i>E698</i>	<b>Origin:</b> Responsible Officer <i>Finance Manager</i> Authorising Officer: <i>Endorsed by Council 18 July 2017</i>
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### PURPOSE/OBJECTIVES

Purchasing cards are a routine aspect of Council's accounts payable and procurement functions.

When used appropriately, purchasing cards provide benefits to Council in the form of streamlined purchasing processes and associated cost savings. However, the use of purchasing cards involves the potential risk of fraud and misuse.

This policy establishes guidelines in order to protect Council's funds and to maintain public confidence in Council's operations.

### SCOPE

This Policy applies to all persons authorised to hold, use and/or manage the use of, an issued Purchasing Card.

### DEFINITIONS

**Purchasing Card** A Council provided National Australia Bank Credit Card to be used only for the purpose of Council expenditure.



## POLICY STATEMENT

The Council may engage the services of a financial institution or industry recognised purchasing card provider for the provision of Purchasing Card services to the Council.

A Purchasing Card must be used for official Council business purposes only and in accordance with relevant provisions of the *Local Government Act 1989*, the Council's Purchasing Card Procedures, the Procurement Policy and Procedure and the Expense Reimbursement Policy and Procedure.

### Reasonable Expenditure

Purchases made must be reasonable expenditure for bona fide Council purposes. As a guide, 'reasonable expenditure' is defined as: *'expenditure that can withstand the 'public disclosure test' should that ever be necessary. Thus the Cardholder should have no qualms about disclosing the expenditure and being able to defend both its purpose and the amount spent. The officer should be able to identify the benefit of the transaction for their organisation.'*

Should a Cardholder be in any doubt regarding the acceptability of a particular purchase (eg: the business nature of the purchase or the possibility of unfavourable public perception), they must take advice from their Manager before making that purchase.

For the avoidance of doubt, the following transaction types are prohibited on Purchasing Cards:

- Contractor payments
- Payment of fines
- Cash advances
- Over the counter cash withdrawals
- ATM transactions
- Purchase of bank cheques
- Fuel (except in emergency situations where use of a fuel card is not possible)
- Personal expenditure of any kind.

### Alcohol

Purchase of alcohol for personal consumption is prohibited, subject to the provisions of the Expense Reimbursement Policy.

### Gratuities

The payment of gratuities (or tips) via the Purchasing Card is not permitted as such expenditure is regarded as personal expenditure.



## **Fringe Benefit Purchases**

Where goods/services purchased may be deemed to be of a fringe benefit nature (including, but not limited to: food, refreshments, entertainment) full details of transactions involving hospitality expenditure must be correctly and specifically detailed to allow for correct FBT allocation. Details required include the names of attendees, purpose of the expenditure and whether alcohol was present.

## **RESPONSIBILITIES**

The Procurement Officer is responsible for issuing new purchasing cards.

Purchasing Card holders are responsible for ensuring:

- Strict care over the custody and use of the card at all times and must ensure the card is not used by another person;
- Expenditure is in accordance with the Payment Authorisation Delegation Database level and within card limits;
- Expenditure is in accordance with approved funding allocations (i.e. approved budget);
- The card is used for official Council business purposes only and must not be used for personal use under any circumstances;
- They comply with all acquittal requirements for cardholders;
- They maintain an up-to-date knowledge of this Purchasing Card Policy; and
- They return their card with all expenditure fully acquitted to the Accounts Payable Officer if they resign, are transferred to another Department or Unit, or are transferred to a position in which the use of the card is no longer delegated.

Supervisors who approve Purchasing Card transactions are responsible for ensuring:

- Expenditure is approved in accordance with their Payment Authorisation Delegations Database limit;
- Review of each individual transaction for compliance with Council's policies and procedures;
- The cardholder has provided appropriate original documentation, used correct account codes and confirmed goods and services have been received;
- The acquittal of the monthly Account Statement report is completed and signed by the cardholder within 7 days of the end of the month;
- The appropriateness of all transactions in line with Council policies; and
- The card is returned to the Finance department with all outstanding expenditure acquitted should the cardholder terminate employment or the card no longer be required for that position.



The Accounts Payable Officer is responsible for cancelling purchasing cards no longer in use, within 28 days of notification from the Corporate and Organisational Development Manager (for resignations, terminations or position changes).

Adherence to this Policy will be overseen by the Finance Manager, with any associated procedures implemented by the Senior Accountant and Accounts Payable Officer.

The Finance Department is the owner of this policy. Any reviews of this Policy must be made in consultation with the Finance Manager.

### ***Policy Non-Compliance***

Any transactions thought to be in breach of this policy will be reported to the Finance Manager.

The Finance Manager is responsible for reviewing all suspected breaches of compliance with this policy and for recommending to the Chief Executive Officer the appropriate course of action to be taken.

Depending on the severity of the breach, and the result of any Internal Audit review commissioned, the recommendation may be one or more of the following:

- removal of card;
- disciplinary action;
- referral to police.

Persons breaching this policy may face disciplinary action, including dismissal and possible police action for serious and wilful misuse. In all cases of misuse, Council reserves the right to recover any moneys from the Cardholder by whatever legal means are available.

## **REFERENCES**

*Local Government Act 1989*

Mansfield Shire Council Procurement Policy

Mansfield Shire Council Expense Reimbursement Policy

## **IMPLEMENTATION**

This policy is effective immediately.



## REVIEW DATE

This Policy is to be reviewed by 30 June 2022.

Council reserves the right to review, vary or revoke this Policy at any time.

## AUTHORISATION TO IMPLEMENT POLICY

This Policy must be endorsed by the Mansfield Shire Council.

Signed:   
Councillor

Witnessed:   
Chief Executive Officer

Dated: 25 June 2019



**MANSFIELD SHIRE**

**PURCHASING CARD  
PROCEDURES MANUAL**

**25 June 2019**



## ***TABLE OF CONTENTS***

<b>1. OBJECTIVES AND OVERVIEW.....</b>	<b>2</b>
<b>2. ACKNOWLEDGMENT AND UNDERTAKING.....</b>	<b>2</b>
<b>3. ISSUING PURCHASING CARDS.....</b>	<b>2</b>
<b>4. USER GUIDELINES .....</b>	<b>3</b>
<b>5. GST .....</b>	<b>3</b>
<b>6. TAX INVOICES .....</b>	<b>3</b>
<b>7. PHONE/MAIL ORDER.....</b>	<b>4</b>
<b>8. REFUNDS AND RETURNS .....</b>	<b>4</b>
<b>9. MONTHLY ACQUITTAL.....</b>	<b>4</b>
<b>10. DISPUTED ITEMS .....</b>	<b>5</b>
<b>11. LOST OR STOLEN CARDS .....</b>	<b>5</b>
<b>12. CANCELLATION OF CARDS .....</b>	<b>5</b>
<b>APPENDIX 1: PROCESS DIAGRAM - MAKING A PURCHASE .....</b>	<b>6</b>
<b>APPENDIX 2: PROCESS DIAGRAM - RECONCILIATION / PAYMENT .....</b>	<b>7</b>
<b>APPENDIX 3: FLEXIPURCHASE AQUITTAL .....</b>	<b>8</b>

## **1. OBJECTIVES AND OVERVIEW**

The Purchasing Card system is offered to staff as a mechanism to purchase items on a day to day basis to carry out their work activities. The Purchasing Card system will enable staff to save time and paperwork in making purchases while still maintaining control.

The procedures detailed in this manual provide the standards for purchasing, recording, approving and payment through the use of Purchasing Cards.

The procedures detailed within this manual are intended to minimise the risk of:

- theft/loss
- incorrect coding and therefore financial reporting
- payment on non-Council activities
- paying the wrong supplier
- overpayment to a supplier
- paying for goods or services that were not delivered

The overriding procurement philosophy of Council is to achieve maximum cost savings for the organisation through better prices, pricing on volume and through efficient administrative practices.

## **2. ACKNOWLEDGMENT AND UNDERTAKING**

Staff should ensure that they are familiar with Council's Purchasing Card Policy and this Purchasing Card Procedures manual.

## **3. ISSUING PURCHASING CARDS**

A Purchasing Card may be issued to Council staff members who are engaged in the procurement of goods and services on behalf of the Council and have appropriate delegations.

Proposed cardholders are to complete and sign the Approved Financial Delegations Form and obtain approval from their supervisor.

The completed form and associated service provider application forms are to be forwarded to the Procurement Officer for processing. A Purchasing Card will not be issued until all required documentation is completed and returned.

Cardholders will undergo training for the monthly acquittal process of Purchasing Card expenditure with the Accounts Payable Officer.

The Procurement Officer will maintain a register of all persons who have been issued with a Purchasing Card and their respective limits.



#### **4. USER GUIDELINES**

The Purchasing Card is issued to individuals and must not be used by other personnel. Only the person nominated on the Purchasing Card is to be in possession of the card.

The ledger number should be written on the sales docket at the time of purchase.

The Purchasing Card is provided for the purchases of goods and services for Council use and must not be used for personal expenses.

Purchasing Cards must be stored in a reasonably secure day to day location (ie wallet, handbag, locked drawer).

Cardholders must complete a monthly acquittal of their Account Statement and submit along with supporting documentation to the Accounts Payable Officer within 7 days of month end.

A Tax Invoice or Receipt must be attached to the monthly Account Statement sent by the Bank for every purchase.

#### **5. GST**

The Purchasing Card holder will be responsible for indicating whether the goods and services being purchased are Taxable. Tax Invoices are required when there has been an exchange of goods and services for more than \$82.50 including GST (\$75 excluding GST) and the supplier is registered for GST.

#### **6. TAX INVOICES**

Where taxable supplies have been purchased with an individual value greater than \$82.50 (incl GST) from a supplier registered for GST, a Tax Invoice is required in order for Council to claim a GST credit or an Input Tax Credit (a refund from the ATO).

A Tax Invoice should be obtained at the time of purchase and attached to the Monthly Purchasing Card Summary.

A Tax Invoice must clearly state "Tax Invoice" and detail the supplier's ABN, Council's name and address, description of the goods or service, price and GST.

If a Tax Invoice has not been obtained, Council cannot legally claim the Input Tax Credit and the Budget will unnecessarily wear an additional 10% cost.

## **7. PHONE/MAIL ORDER**

When placing a Purchasing Card order over the phone or via mail staff will be required to provide the following information to the supplier:

- ✓ Delivery Address
- ✓ Card Type, ie. Visa
- ✓ Card Number
- ✓ Expiry Date
- ✓ Cardholder Name

Staff must ensure they receive a Tax Invoice for the purchase.

## **8. REFUNDS AND RETURNS**

If goods are faulty, damaged or incorrect staff will need to make a return.

When a return is made, ensure the amount is refunded back to the Purchasing Card and retain a receipt or record of the transaction to be submitted with the monthly Account Statement.

## **9. MONTHLY ACQUITTAL**

At the end of each month cardholders will login to the online portal (FlexiPurchase) to review and acquit their Account Statement.

Cardholders must allocate general ledger numbers including activity codes to each purchase, as recorded on the sales docket for each purchase.

Detailed instructions on how to prepare the acquittal in FlexiPurchase are shown at appendix 3.

Once all purchases have been coded to the correct account, the cardholder will print the Account Statement report, sign the report and attach the sales dockets and Tax Invoices for the purchases listed. Please retain sales docket and Tax Invoices for recent purchases that have not yet been charged by the supplier.

The signed and completed acquittal of the Account Statement report is to be reviewed and approved by the cardholder's immediate supervisor. Each transaction is to be reviewed to ensure that policies and procedures have been followed, that all expenditure is bona fide, appropriately accounted for, and supported by required documentation.

The cardholder's supervisor will sign the acquitted Account Statement report to approve the payments and account allocations, giving regard to the payment authorization limit in the Payment Authorisation Delegation Database.

The completed Account Statement acquittal once completed and signed by the cardholder and their supervisor is to be returned with attached documentation to the Accounts Payable Officer within 7 days of month end.

If cardholders resign, are transferred to another Department or Unit, or are transferred to a position in which the use of the card is no longer required, they will acquit any outstanding expenditure and return the card to the Accounts Payable Officer by their final day.

## **10. DISPUTED ITEMS**

For any disputed items on the monthly Account Statement, staff must complete and lodge the Dispute Form in FlexiPurchase, notify the Accounts Payable Officer and wait for NAB to investigate.

For any disputed items, please authorise the report for payment but note the disputed item for further follow up.

## **11. LOST OR STOLEN CARDS**

Staff are responsible for the security of the Purchasing Card and transactions made with it. If the card is lost or stolen notify **1800 033 103 immediately** with full details of the Purchasing Card. Notify both your supervisor and the Accounts Payable Officer as soon as possible during working hours.

## **12. CANCELLATION OF CARDS**

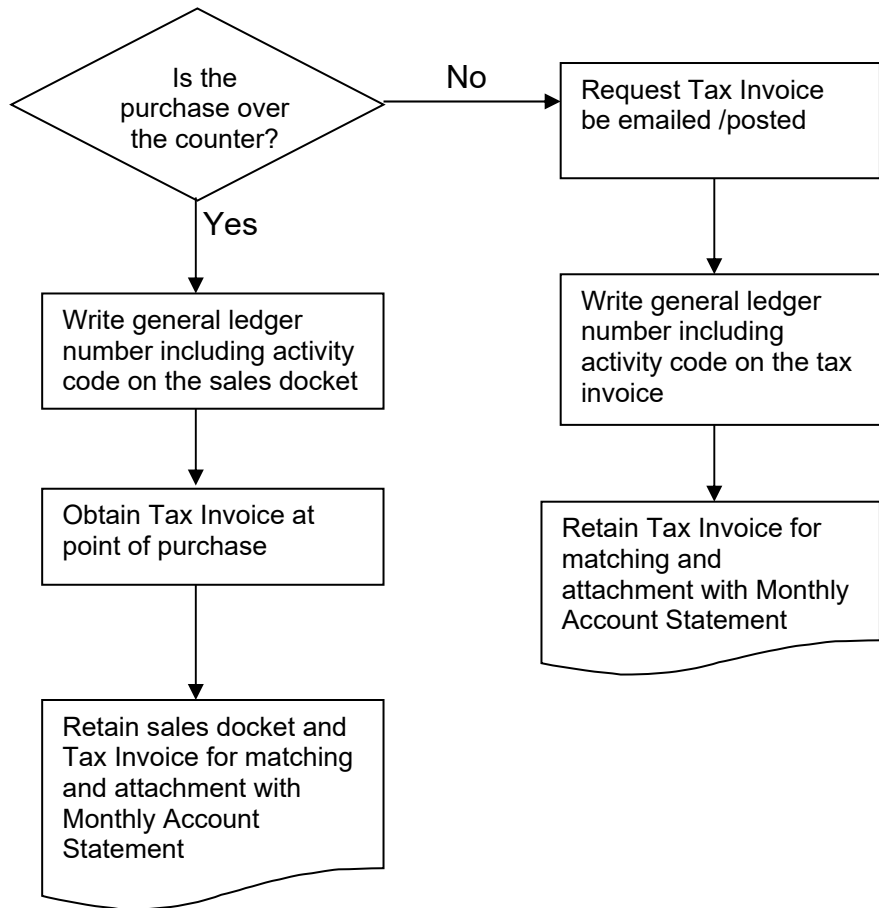
The Corporate and Organisational Development Manager or Coordinator must notify the Accounts Payable Officer as soon as possible where a purchasing card holder:

- resigns
- changes position / role
- is terminated

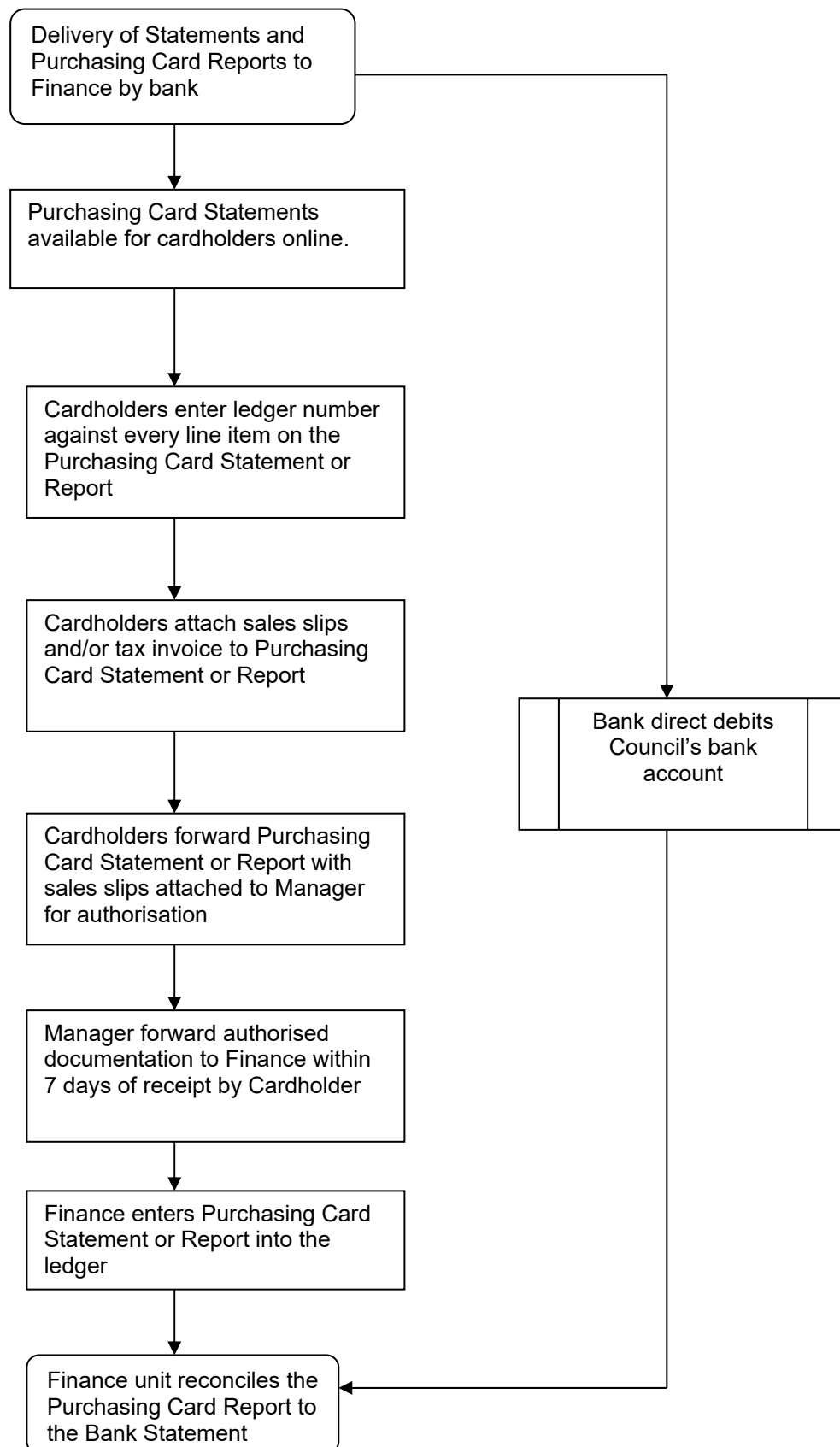
The Accounts Payable Officer will cancel the Purchasing Card within 28 days of receiving notification, or before the date of the staff change, whichever is the earliest.

The cardholder must return the Purchasing Card to the Accounts Payable Officer, together with the final statement acquittal. The Accounts Payable Officer will sign the Employee Exit Checklist only when both the card and the authorized acquittal have been received.

## APPENDIX 1: PROCESS DIAGRAM - MAKING A PURCHASE



## APPENDIX 2: PROCESS DIAGRAM - RECONCILIATION / PAYMENT



## APPENDIX 3: FLEXIPURCHASE AQUITTAL

Login to your FlexiPurchase Account and click on Accounts tab:

FlexiPurchase Home Accounts Expenses Reports

My Accounts

Show Active Find

Purchasing Card 471527 \*\*\*\*\* 7157 Available Credit (AUD) 1,066.01

Purchasing Card

Issuer	Card Type	Card Number	Card Status
National Australia Bank	Purchasing Card	471527 ***** 7157	Active

Statements Payment Details

Show Current Period Find

Click on Current Period in blue on right hand side and select required date range:

Current Period Find

Current Period

29 Aug 2018 - 28 Sep 2018

28 Jul 2018 - 28 Aug 2018

29 Jun 2018 - 27 Jul 2018

29 May 2018 - 28 Jun 2018

28 Apr 2018 - 28 May 2018

29 Mar 2018 - 27 Apr 2018

Click on 3 dots far right:

Issuer National Australia Bank Card Type Purchasing Card Card Number 471527 \*\*\*\*\* 7157 Card Status Active

Statements Payment Details

Show 29 Aug 2018 - 28 Sep 2018 Find

Opening Balance (AUD)	Balance (AUD)	Credit Limit (AUD)
220.71	933.99	2,000.00

...

Click on advanced statement:

...

Advanced statement

424.00 AUD

The Account Statement to enter in Ledger details will now appear:

Tran Date	Supplier	Amount Incl	Allocation	
03 Sep 2018	Edith & May	80.00	<a href="#">View</a>	<a href="#">?</a>
03 Sep 2018	Mansfield Authorised	5.99	<a href="#">View</a>	<a href="#">?</a>
04 Sep 2018	Local Govt Profess	424.00	<a href="#">View</a>	<a href="#">?</a>
04 Sep 2018	Local Govt Profess	424.00	<a href="#">View</a>	<a href="#">?</a>

Click on the green question mark (?) for each line item.

The amount of the expense will be pre-populated.

In the "Ledger" field, enter the full account number (including ie code). For example, 11504000.09.

Overwrite the pre-populated description with a meaningful description. This will be the description seen in Synergy / Magiq against the transaction.

## Transaction: Details

**Purchase:** 02 Jun 2019  
**Amount:** \$155.54 AUD  
**Hovell Tree Inn, Albury**

[Summary](#)[Coding](#)[Advanced](#)[Approval](#)

	Ledger	Expense	Amount Incl	Tax Code	
Line 1	<input type="text"/>	<input type="text"/>	155.54	GST AUS	<a href="#">?</a>
Line 2	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<a href="#">?</a>
Line 3	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<a href="#">?</a>
Line 4	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<a href="#">?</a>
More..		Balance	0.00		

Description

Dispute Form ☐

[Close](#)[Save](#)