

Transaction Cards

Introduction

This policy is intended to ensure that appropriate internal controls are in place regarding usage of transaction cards in accordance with *Local Government Act 1995 – Financial Management – Part 6* the legislative provisions contained in Part 6 – Financial Management of the *Local Government Act 1995* (the Act).

Objective

To provide the Chief Executive Officer with a framework of principles guiding the procurement and management of Transaction Card facilities; ensuring efficient operations, minimising misuse risk defining allowable uses, delineating management responsibilities and outlining Cardholder obligations.

Scope

This policy outlines principles for the Chief Executive Officer (CEO) in establishing and managing Transaction Card systems and procedures specific to Shire of Toodyay business activities.

It applies to all workers and authorised cardholders who utilise transaction cards issued by the Shire for business purposes.

Definitions

Definitions related to this policy are in the table below.

Term	Definition
Cardholder	A Worker who has been authorised by the CEO to incur expenditure by means of a Transaction Card. A Volunteer of the Shire of Toodyay or external organisation for which the Shire of Toodyay issues such facility.
Corporate Services	The Corporate Services Business Unit, comprising of the Executive Manager Corporate Services, the Finance Coordinator, and the Finance Officer – Accounts Payable and Payroll.
Standard purchasing options	The preferred option of purchasing for the Shire by way of requisitions; purchase orders; and invoicing.
Transaction Card	A card facility includes the Shire's Corporate Credit Cards, a 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 business activities only in accordance with relevant Shire policies.

Term	Definition
<p>Refer to the <i>Shire of Toodyay (Shire) Glossary (Definitions)</i> located on the Shire website for definitions not listed: https://www.toodyay.wa.gov.au/documents/470/corporate-documents-glossary-(definitions)</p>	

Policy Statement

This policy aims to govern the appropriate use of transaction cards for payment of goods and services within the Shire, ensuring adherence to risk management principles outlined in ISO31000.

1. Management Oversight and Reporting

The CEO is to:

- (1) ensure that proper accounts and records of the transactions and affairs of the Shire is kept pursuant to section 6.5(a) of the *Local Government Act 1995* and regulations 5 and 11(1)(a) and (2) of the *Local Government (Financial Management) Regulations 1996*.
- (2) determine appropriate use of transaction cards, ensuring benefits to the Shire and compliance with financial standards and secure operations.
- (3) determine and implement systems and procedures for facility selection, cardholder eligibility, documentation of responsibilities and monitoring to ensure:
 - (a) assessment and selection of Transaction Card facilities suitable to the efficient and effective operations of the Shire;
 - (b) authorisation and appointment of suitably eligible Cardholders;
 - (c) cardholder duties and responsibilities are documented and Cardholders provided with training; and
 - (d) monitoring and auditing of Transactional Card activities is planned and reported.
- (4) ensure that acquitted transaction card account statements are provided monthly to Council.
- (5) investigate and address alleged misuse and report suspected misconduct to regulatory agencies pursuant to the requirements of the *Public Sector Management Act 1994* and the *Corruption, Crime and Misconduct Act 2003*.

2. Principles for usage

(1) Allowable Transactions:

Authorised Officers are permitted to make purchases in-person, via telephone, mail order, or internet using transaction cards in the following circumstances:

- (a) the expenditure directly supports a Shire operational business activity with a provision in the Annual Budget.

- (b) expenditure aligns with legislation, the Shire Purchasing Policy, Code of Conduct, and any applicable conditions or limitations for the individual Cardholder.
- (c) procurement of goods or services is impractical or inefficient via a purchase order, or not obtainable by other means than a Transaction Card.
- (d) supplier surcharges on transactions are minimized and permissible only when alternative procurement methods are more burdensome, cost-ineffective, or there is no alternative mode of supply.
- (e) expenditure must have express written permission from the CEO.
- (f) official travel, accommodation, and related expenses must adhere to Shire policies and procedures.
- (g) accounts payable payments are authorised by the Finance Coordinator.
- (h) a detailed record of each transaction is obtained and retained in the local government record.

(2) Prohibited Transactions:

Authorised Officers are not to use transaction cards for the following:

(a) Personal Transactions:

Cards shall not be used for any personal or private purposes, regardless of circumstances.

(b) Cash Withdrawals:

Cards shall not be used to withdraw cash from bank branches or automatic teller machines.

(c) Employee Utility Accounts:

Cards shall not be used to pay for employee utility accounts. Employees are responsible for paying these accounts and may be reimbursed as per their contract or salary package terms.

(d) Expenditure Deemed Personal:

Any expenditure deemed personal or private that was accidentally or unintentionally processed on the transaction card must be declared by the cardholder and reported as soon as practically possible to their Manager and then refunded to the Shire.

(e) Prohibited Transactions:

- (i) cash advances;
- (ii) expenses for personal or private purposes not approved by the Local Government;
- (iii) deposits onto the transaction card, whether for offsetting misuse or other purposes.
- (iv) capital expenditure;

- (v) expenditure for goods or services already under contract with a supplier;
 - (vi) expenses not compliant with legislation, Shire Purchasing Policy, Annual Budget, or conditions relevant to the cardholder;
 - (vii) expenses for which another transaction card is the approved facility (e.g., using a Corporate Credit Card for fuel purchases when a Fuel Card is designated);
 - (viii) splitting expenditure to circumvent Purchasing Policy compliance or negate cardholder limits; and
 - (ix) expenses incurred primarily for personal advantage (e.g., membership or loyalty rewards).
- (f) Elected Members:
- Elected Members are prohibited from using transaction Cards, as per the limitations outlined in the *Local Government Act 1995*. These members are restricted to receiving allowances and reimbursement for expenses, rather than incurring liabilities on behalf of the Local Government.

(3) Cardholder Responsibilities:

- (a) Authorised Officers issued with a transaction card are responsible for:
- (i) the safekeeping of the transaction card, ensuring the care and proper usage for allowable purposes, and refraining from using the transaction card for prohibited purposes;
 - (ii) adherence to the policy and procedures concerning purchasing, transaction card use and financial limits;
 - (iii) obtaining, creating and maintaining records that provide evidence of transactions made against the transaction card such as receipts and tax invoices;
 - (iv) providing relevant and correct expenditure account details and work order numbers against each item of expenditure on the account and evidence of transaction records that will facilitate the reconciliation of transaction card usage including expense allocation and GST claims, within stipulated timeframes by the Shire's Accounts Officer;
 - (v) returning the transaction card to the Executive Manager Corporate and Community Services before vacating their employment with the Shire, together with any relevant transaction evidence; and
 - (vi) reimbursing the Shire for the full value of any unauthorised, prohibited, or insufficiently reconciled expenditure.
- (b) Benefits obtained through Transaction Card usage, such as membership or loyalty rewards, are property of the Shire. Such benefits must be surrendered to the Shire and strictly used for Shire business purposes, prohibiting personal benefit retention.

(4) Transaction Record requirements:

- (a) An invoice and/or receipt must contain the following:
 - (i) Authorised Officers must complete the Shire's Credit Card Request Form for all transaction card purchases, irrespective of whether they are made in person, over the phone, or online;
 - (ii) Date of transaction;
 - (iii) Company name and address;
 - (iv) Australian Business Number (ABN);
 - (v) Amount of transaction; and
 - (vi) Any applicable Goods and Services Tax (GST) amount.
- (b) In the absence of an invoice or receipt, a Statutory Declaration must be provided, detailing the nature of the expense and sufficient information to satisfy the requirements of clause (a) above;
- (c) Where a purchase has occurred for the purposes of providing entertainment or refreshments (Hospitality), Authorised Officers must write on the back of the receipt the following:
 - (i) number of persons entertained;
 - (ii) names of any employees present; and
 - (iii) purpose of providing the entertainment or hospitality, for Fringe Benefits Tax calculations and probity purposes.

(5) Transaction Evidence Guideline for Authorised Officers:

- (a) Authorised Officers must complete the Shire's Credit Card Request Form for all transaction card purchases, irrespective of whether they are made in person, over the phone, or online;
- (b) The form may be filled out by either the cardholder, or another Shire Officer acting on behalf of the cardholder;
- (c) All relevant documentation supporting the purchase must be attached to the form;
- (d) Documentation must be provided to the Executive Manager Corporate and Community Services within 5 days of the expenditure to ensure appropriate and accurate recordkeeping;
- (e) The Officer making the purchase must request an invoice to support the transaction;
- (f) In cases where an invoice or receipt is unavailable, an explanation in writing detailing information about the transaction and the reasons why the invoice or receipt is unavailable must be recorded, including the date, company name, address, ABN, amount, any GST included, and the reason for the transaction.

3. Determining when transaction card facilities are appropriate

- (1) Transaction Card facilities may be implemented and maintained where the card facility provides benefit to the Shire 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 account statements, 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.

4. Corporate Services' Responsibilities

Corporate Services is responsible for the issue, management and cancellation of a transaction cards including validation and acquittal of expenditure.

This is achieved by:

- (a) Arranging the issue/cancellation of cards;
- (b) Processing payment of card expenditure on receipt of a monthly account statement from the Bank;
- (c) Keeping cardholders informed of any changes to policy and procedures on the use of transaction cards; and
- (d) Reporting all expenditure to Council within the monthly financial report.

4.1 Lost or Stolen Credit Cards

- (a) The cardholder must report immediately where a transaction card has been lost or stolen by notifying the issuing Bank and Corporate Services in writing and by telephone.
- (b) Corporate Services and the Bank will confirm cancellation of the card; and perform a reconciliation of the monthly card account statement from the date the card was lost or stolen.

4.2 Return of Cards

When a cardholder ceases to occupy a position that is authorised to be issued with a transaction (credit) card, they must return the card to Corporate Services at least one week prior to vacating the position so that the card may be cancelled, and the account settled.

5. Misuse of Transaction Cards

Any monthly transaction card statement showing unreasonable, excessive or unauthorised expenditure will be subject to audit and may result in the withdrawal of the card from the Authorised cardholder.

Any misuse of a transaction card will result in repayment of any incurred debt and disciplinary action.

Reference Information

- [Register of Delegations](#) – CS1 Payments from Municipal Fund or Trust Fund.
- [Purchasing Policy \(FIN3\)](#).
- [Controls over Corporate Credit Cards](#) from the Office of the Auditor General
- [Use of Corporate Credit Cards \(dlgsc.wa.gov.au\)](#) Local Government Operational Guidelines


Legislation

- [Local Government Act 1995](#).
- [Local Government \(Financial Management\) Regulations 1996](#).
- [Corruption, Crime and Misconduct Act 2003](#)
- [Oaths, Affidavits and Statutory Declarations Act 2005](#).

Associated documents

Credit Card Request Form.

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