



FP5 – TRANSACTION CARD

MANAGEMENT PRACTICE: TRANSACTION CARD ADMINISTRATION PROCEDURES

TRANSACTION CARD USER PROCEDURES

DELEGATION: N/A

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.

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.

DEFINITIONS

“Cardholder” means an employee who has been authorised by the CEO to incur expenditure by means of a Transaction Card.

“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 of Jerramungup business activities only in accordance with relevant Shire of Jerramungup Policies.

POLICY STATEMENT

MANAGEMENT OVERSIGHT AND REPORTING

Legislation

1. Section 6.5(a) of the *Local Government Act 1995* prescribes the Chief Executive Officer’s (CEO) duty to ensure that proper accounts and records of the transactions and affairs of the Local Government are kept in accordance with regulations.
2. The *Local Government (Financial Management) Regulations 1996* prescribe:
 - a. 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.
 - b. Regulation 11(1)(a) and (2) of the 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 credit cards.

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 of Jerramungup operations by ensuring:
 - a. Goods and services can be obtained in a timely and efficient manner to meet the business needs of the Shire of Jerramungup;
 - 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 of Jerramungup to sufficiently administer the facility; and
 - b. Provide the Shire of Jerramungup with protection and indemnification from fraudulent unauthorised transactions.

Management Oversight

The Chief Executive Officer shall determine and implement systems and procedures adequate to ensure:

- a. Assessment and selection of Transaction Card facilities suitable to the efficient and effective operations of the Shire of Jerramungup;
- 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.

Reporting

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

Misuse, Misconduct and Fraudulent Use

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, subject to the requirements of the *Public Sector Management Act 1994* and the *Corruption, Crime and Misconduct Act 2003*.

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 of Jerramungup operational business activity for which there is an Annual Budget provision;
 - b. The expenditure is in accordance with legislation, the Shire of Jerramungup Procurement of Goods and Services 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 is not able to 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 any Shire of Jerramungup Policy 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 of Jerramungup policies and procedures;
 - g. Accounts payable payments are made under the direction of the Manager Finance;
 - 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 facsimile purchasing;
 - c. Mail order purchasing and subscriptions;
 - d. Internet purchasing.

Prohibited Transactions

1. The Shire of Jerramungup 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 of Jerramungup Procurement of Goods and Services Policy, the Annual Budget and/or the conditions or limitations relevant to the individual Cardholder;
 - g. Splitting expenditure to avoid compliance with the Procurement of Goods and Services Policy or to negate limits or conditions applicable to the Cardholder; and
 - h. Incurring expenses for the primary purpose of obtaining personal advantage through the transaction (i.e. membership or loyalty rewards).
2. For clarity, Elected Members are prohibited from using Shire of Jerramungup Transaction Cards as the *Local Government Act 1995* does not provide authority for an Elected Member to incur liabilities on behalf of the Local Government. The Act limits Local Governments to only paying Elected Member allowances and reimbursing Elected Member expenses.

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 of Jerramungup before termination of employment, inclusive of reconciliation records.

- f. Reimburse the Shire of Jerramungup 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 of Jerramungup and may only be used for Shire of Jerramungup business purposes. Such benefits must be relinquished by the Cardholder to the Shire of Jerramungup. 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.

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| Relevant Legislation: | <i>Local Government Act 1995</i> <i>Local Government (Financial Management) Regulations 1996</i> |
| Related Documents: | Shire of Jerramungup Employee Code of Conduct |
| Related Local Law: | N/A |
| Related Policies: | FP6 – Procurement of Goods and Services Policy AP11 – Misconduct, Fraud and Corruption Resilience Policy |
| Adopted: | 21 September 2016 |
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