

# CREDIT CARD POLICY

(Policy Number – L-FINPOL005)  
(Policy Type – Council)

## 1 Aim

The aim of Council's Credit Card Policy is to provide guidance on how cards are allocated, used and managed, ensuring they assist in the efficient delivery of services while minimising the potential for misuse and fraud.

## 2 Policy Statement

Corporate credit cards are recognised as an efficient and flexible method of paying for goods and services in the public sector.

Credit cards offer a convenient and efficient payment option, particularly for low value, day-to-day transactions. Credit cards can substantially improve purchasing efficiency by reducing administrative costs, however as with any transactional method there is the potential for misuse.

Sound policies, protocols and procedures for the use and control of corporate credit cards must be established and maintained to take advantage of the improved purchasing efficiency they offer, while minimising the opportunity and potential impact of misuse.

This policy is intended to apply to credit cards, as well as any other similar type of corporate purchasing card. In this policy, the term "credit card" is used to refer to any purchasing card, including credit, debit, EFTPOS and similar bank cards issued by Council and used for purchasing purchases.

## 3 Policy Detail

Purpose	Description
Purchasing Principles	Cardholders must conform to sound principles of purchasing (as detailed in Council's Purchasing Policy) when using a Council credit card.
Preferred Purchasing Methods	<p>In using a Council credit card, Cardholders must prior to use consider the alternative purchasing methods available, such as purchase orders and purchase contracts.</p> <p>1. Credit cards are appropriate for purchasing in the following situations:</p> <p>(a) smaller purchase amounts, typically below \$1,000;</p>

	<p>(b) invoices for approved goods or services requiring immediate or out-of-cycle payment when payment has been authorised;</p> <p>(c) Where purchase orders:</p> <ul style="list-style-type: none"> <li>• are impossible or unworkable (such as internet purchases of approved goods or services); or</li> <li>• would take too long, unreasonably impacting operational efficiency or resulting in missed opportunity, for example, if a purchase order would incur significant and unreasonable additional costs (either to Council or the supplier) relative to the cost of the goods or services being procured;</li> </ul> <p>(d) where payment by credit card has been formally authorised, such as emergency situations; or</p> <p>(e) for purchases that cannot be made in the office, such as work-related travel expenses generated while travelling, or field work expenses requiring payment in the field.</p> <p>2. Purchase orders or purchase contracts are preferred in the following situations:</p> <p>(a) for invoices not requiring urgent or immediate payment, such as invoices with a future due date;</p> <p>(b) larger purchase amounts, typically of \$1,000 or more; or</p> <p>(c) purchases requiring agreement between parties on terms (of service, engagement or sale).</p> <p>3. Cardholders operate with some discretion, but must justify their purchasing decisions, including the purchasing method chosen. When there is an element of doubt regarding the use of the Council credit card guidance should be sought from your Manager or Finance Team Leader.</p>
<p>Control of Credit Cards – For Authorisers</p>	<p>1. Risk Management Strategy</p> <p>Each active credit card represents a risk of accidental or intentional misuse of public funds and each credit limit amount is the extent of that risk. To minimise risks associated with credit cards, Council must:</p> <p>(a) allocate credit cards according to operational need, and avoid allocating on an ad-hoc or individual basis; and</p> <p>(b) only issue cards to roles where there are operational benefits of efficient purchasing which outweighs the increase in risk; and</p> <p>(c) maintain control on the total number of credit cards issued and their combined purchasing potential (or credit limit) at any one time; and</p> <p>(d) control the credit limit available on each card to an appropriate amount required to facilitate efficient</p>

	<p>purchasing for each role, considering the alternative payment options available; and</p> <p>(e) ensure Cardholders and Authorisers adhere to the procedures and responsibilities set out by this policy by placing the onus of evidence for each purchase upon the individual Cardholder.</p> <p>2. Authorisers</p> <p>Authorisers have a key role in the control of credit cards, managing purchasing risk and maintaining compliance with this policy. Authorisers:</p> <p>(a) may authorise or decline the issuing of credit cards to a Cardholder;</p> <p>(b) may authorise or decline discretionary transactions, such as entertainment or gifts in accordance with this policy;</p> <p>(c) may direct a Cardholder to reimburse Council for transactions deemed not to be in accordance with this policy;</p> <p>(d) may or may not be allocated a credit card; and</p> <p>(e) if they are allocated a credit card, may not authorise their own purchases or issue their own credit card.</p>
<p>Allocation and Issue of Credit Cards and Credit Limits</p>	<p>Credit cards are allocated and issued according to the following rules:</p> <p>(a) Allocating Credit Cards:</p> <ul style="list-style-type: none"> <li>• Schedule 1 – Allocation of Credit Cards and Credit Limits Table lists the roles that, at the absolute discretion of the Authorisers, may potentially be issued with a credit card and the maximum credit limit for each role.</li> <li>• The General Manager and Manager Corporate &amp; Business Services must authorise changes to the allocation table.</li> <li>• Council credit cards are only allocated to people in roles that require them. Allocation of credit cards will be determined by the General Manager.</li> <li>• Credit cards will not be allocated to councillors.</li> </ul> <p>(b) Issuing Credit Cards</p> <ul style="list-style-type: none"> <li>• The issue of each credit card must be authorised by an Authoriser and recorded.</li> <li>• An Authoriser cannot authorise the issue of their own credit card.</li> <li>• A person in a role that is allocated a credit card is not obliged to hold one.</li> <li>• The Cardholder must complete the Cardholder Declaration shown at Schedule 2 before a credit card is issued.</li> </ul>

	<p>Completed declarations will be stored in the Council's Electronic Content Management System (ECM), with a copy placed on the individuals personnel file.</p> <p>(c) General Manager's Credit Card</p> <ul style="list-style-type: none"> <li>• The General Manager is to be allocated a credit card (if they choose to hold one).</li> <li>• The credit limit for the General Manager is determined by Council approval, including subsequent adjustments.</li> <li>• All statement reconciliations for the General Manager's credit card are reviewed by the Mayor (who is not an Authoriser) and authorised by the Manager Corporate &amp; Business Services, who is an Authoriser.</li> </ul> <p>(d) Setting Limits and Controls on Credit Cards</p> <ul style="list-style-type: none"> <li>• The maximum number of cards that Council will allow to be active at any one time is to be set according to Council needs and acceptable risk;</li> <li>• The maximum total credit limit of all cards is to be set according to needs, acceptable risk and budget requirements;</li> <li>• Monthly credit limits will be set to the lowest amount required by the Cardholder to conveniently execute their role, considering budget constraints and the alternative payment methods available.</li> <li>• Limits on individual transactions may be set.</li> </ul>
<p>Review of Credit Card Allocations and Credit Limits</p>	<p>The allocation of each credit card and its credit limit is detailed in Schedule 1 – Allocation of Credit Cards and Credit Limits Table and is set according to operational requirements and authorised by the General Manager and Manager Corporate &amp; Business Services. Only the General Manager's credit limit requires Council approval; all other roles and limits are set according to Council operational requirements, as determined by the General Manager and Manager Corporate &amp; Business Services.</p> <p>Schedule 1 - Allocation of Credit Cards and Credit Limits Table - will be reviewed every two years, as a minimum, in conjunction with the policy review cycle. The aim of each review is to ensure that credit card allocations and limits are providing efficient purchasing and delivery of Council services while effectively managing purchasing risk. Unnecessary or insufficiently justified cards should be withdrawn and destroyed. Credit limits should be adjusted to the lowest monthly amount needed to allow efficient purchasing, as evidenced by purchasing history and adherence to this policy.</p> <p>In addition to the periodic review, Schedule 1 - Allocation of Credit Cards and Credit Limits Table – this table will be updated:</p>

	<p>(a) requests are received to add or remove roles from the Credit Card Allocation Table, or alter individual credit limits;</p> <p>(b) proposed changes to the Credit Card Allocation Table require changes to the maximum number of credit cards or the maximum total credit limit;</p> <p>(c) a Cardholder terminates employment or returns their card;</p> <p>(d) a card is lost or stolen or the subject of fraud or identity theft;</p> <p>(e) a significant breach of the policy occurs; or</p> <p>(f) significant reorganisation of Council roles is undertaken.</p> <p>Where the operational benefits to Council of a role holding a credit card no longer outweighs the increase in risk of the extra card, the credit card should be returned and cancelled.</p>
<p><b>Breach or Misuse</b></p>	<p>Any breaches of this policy, depending on the nature and extent of the breach, may result in:</p> <p>(a) counselling and retraining in the policy and requirements;</p> <p>(b) reimbursement of costs;</p> <p>(c) cancellation of card;</p> <p>(d) disciplinary action in accordance with Council's Disciplinary Procedure;</p> <p>(e) referral to police; or</p> <p>(f) civil proceedings.</p> <p>If you become aware of policy breaches or misuse, report them immediately to an Authoriser. The Authoriser will determine if the policy breach or misuse needs to be reported to the General Manager.</p>
<p><b>Statement Reconciliation and Acquittal Process</b></p>	<p>The purpose of the Statement Reconciliation and Acquittal Process is to ensure that:</p> <ul style="list-style-type: none"> <li>• Cardholders justify and document every purchasing decision to Council; and</li> <li>• Council is able to justify and validate its endorsement and validation of Cardholders' purchasing decisions to auditors, investigators and the public.</li> </ul> <p>On receipt of the account transaction statement each month, the statement will be reconciled according to the following process:</p> <ol style="list-style-type: none"> <li>1. The Cardholder must collate all purchase evidence (including tax invoices with purchase purpose or signed purchase statement) and provide them to a Council officer who is delegated to reconcile the account statement.</li> </ol>

	<p>2. A Finance Team member will be delegated to:</p> <p>(a) reconcile transactions individually against the supporting documentation and the requirements of this policy; and</p> <p>(b) question with the Cardholder any transactions:</p> <ul style="list-style-type: none"> <li>• without supporting documentation;</li> <li>• that may be in conflict with this policy;</li> <li>• that appear suspicious, unauthorised, excessive or of unknown purpose.</li> </ul> <p>(c) if there are any outstanding transactions that cannot be adequately explained or reconciled with this policy, the Finance Officer must report these to the Finance Team Leader for further investigation and appropriate action.</p> <p>3. Any breaches of this policy will be dealt with according to the risk and severity of the breach.</p> <p>4. If all transactions are supported by adequate documentation and purchases appear to be in accordance with this policy with no suspicious activity:</p> <p>(a) the Cardholder will sign the account statement to confirm the purchases; and</p> <p>(b) for the General Manager’s credit card, the Mayor will review the statement and the Manager Corporate &amp; Business Services will authorise the credit card statement; and</p> <p>(c) the Authoriser reviews the credit card statement and attachments and authorises the statement for payment.</p> <p>5. Full statement reconciliation, acquittal and approval for payment must be completed before payment is due or within four (4) weeks of receiving the statement.</p>
<p>Use of Credit Cards – Cardholders – General Use</p>	<p>(a) Cardholder Responsibility and Liability:</p> <p>The Cardholder is responsible for the safe custody and security of the card and liable for any misuse and associated costs. The Cardholder is responsible for resolving use and transaction disputes and ensuring that use of the card is ethical and strictly in accordance with this policy.</p> <p>Credit cards are provided strictly for business-related purchasing only. Cardholders must be able to justify and prove their purchasing decisions to Council in a manner that allows Council to be able to justify and validate their endorsement of purchasing decisions.</p> <p>The Cardholder must always follow this policy and seek guidance from an Authoriser if in doubt.</p>

	<p>Cardholders must comply with any terms and conditions of use provided by the card issuer and should follow the guidelines and recommendations of the issuing institution.</p> <p>(b) Non-Cardholder Use</p> <p>Only the designated Cardholder may use the credit card. The Cardholder must not let any other person use the credit card assigned or account or record or share the credit card number, including with other Council staff or councillors.</p> <p>Where for an approved purchase in compliance with this policy, the Cardholder may use the credit card to purchase work-related items on behalf of another Council staff or elected member, provided the expense is appropriate and for an approved purpose.</p> <p>(c) Receipts and Documentation for Every Purchase</p> <p>The Cardholder must obtain a valid tax invoice for all credit card purchases and note the purpose of the purchase.</p> <p>A valid tax invoice must provide sufficient information to demonstrate that the document is intended to be a tax invoice and include the following:</p> <ul style="list-style-type: none"><li>• the seller's identity;</li><li>• the seller's Australian Business Number (ABN);</li><li>• the date the invoice was issued;</li><li>• a brief description of the items purchased, including the quantity (if applicable) and the price;</li><li>• the GST (goods and services tax) amount payable (if any) – this can be shown separately or, if the GST amount is exactly one-eleventh of the total price, as a statement such as 'Total price includes GST'; and</li><li>• purchases over \$1,000 must also show the Council's identity or ABN (in addition to the seller's details).</li></ul> <p>The Cardholder should make every attempt to obtain valid original documents in support of transactions. Council cannot claim the GST credit for purchases over \$75 (ex GST) without a valid tax invoice, so it is always important purchases have original documentation. Contact vendors for original tax invoices if necessary.</p> <p>In the absence of a valid tax invoice or original receipt, the Cardholder must provide sufficient information regarding the transaction to satisfy an Authoriser that the purchase is a valid work-related purchase that complies with this policy.</p> <p>If the Cardholder makes a transaction and fails to retain a valid tax invoice for it, they must complete and sign a</p>
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	<p>statutory declaration that includes all the required supporting information to justify the purchase, including the transaction purpose, date, time, amount, vendor name and ABN.</p> <p>Cardholders are liable for the cost of transactions that cannot be verified as complying with this policy. Repeated purchases without original supporting documentation (valid tax invoice), requiring the Cardholder's explanation, or a statutory declaration are a purchasing risk to Council and may result in a credit card being revoked or disciplinary action for Breach or Misuse.</p> <p>(d) <b>Lost, Stolen or Damaged Cards</b></p> <p>If a Council credit card is lost or stolen, the Cardholder must immediately contact the issuing institution to report the lost or stolen card. Follow the advice of the institution and then advise an Authoriser at the earliest opportunity.</p> <p>Damaged cards can be reported to Council's Finance Team to allow for a replacement card to be issued.</p> <p>(e) <b>Return of Cards</b></p> <p>Cardholders are to return a Council issued credit card immediately to their manager if they:</p> <ul style="list-style-type: none"> <li>• are ceasing or terminating employment;</li> <li>• are moving to a role that is not assigned a credit card;</li> <li>• are taking extended leave from their role, or otherwise where it is felt that retaining your card is an unnecessary risk; or</li> <li>• no longer require, or do not wish to hold, a Council credit card.</li> </ul>
<p><b>Permitted Transactions</b></p>	<p>An employee issued with a Council credit card will have the necessary financial delegation to transact on the card. The setting of the transaction and credit limit will be in accordance with this policy.</p> <p>Transactions for expenses that are budgeted for and have been demonstrably approved, such as approved projects or authorised travel, may be made without additional approval from Authorisers.</p> <p>The Cardholder must be able to demonstrate purchases are approved and in accordance with this policy, if queried. Approval can be by way of email from the Cardholder's supervisor or in relation to travel for training/conference purposes, completion of the Training Registration Form.</p> <p>Travel Expenses - are expenses incurred in the course of authorised work-related travel. They include accommodation,</p>



	<p>transport, meals, and expenses incidental to travel. Credit cards are ideally suited to cater for expenses incurred while travelling.</p>
<p>Discretionary Transactions Requiring Authorisation</p>	<p>The following types of transactions and purchases generally require written approval from one or more Authorisers and are discretionary transactions. Some credit Cardholders have financial delegation to expend on discretionary transactions. Limits for discretionary expenditure are set out in Schedule 1 - Allocation of Credit Cards and Credit Limits Table. Unless employees have been allocated a financial delegation for discretionary expenditure, transactions for the following are prohibited:</p> <p>(a) Entertainment Expenses</p> <p>Entertainment means the provision of food drink or recreation – even if business discussions or transactions occur. Entertainment is typically considered a private expense and must not be purchased using a Council credit card or funds without clear prior approval to do so.</p> <p>There are a range of circumstances where entertainment expenses may be considered to be work-related and may be purchased with a Council credit card. These include approved travel expenses, to support approved overtime work, for approved Council events or social functions or within an approved entertainment expenses budget for a role.</p> <p>Certain roles are delegated the discretion to incur work related entertainment expenses as part of their roles. These roles and their discretionary expense limits are identified in Schedule 1 – Allocation of Credit Cards and Credit Limits Table.</p> <p>(b) Gifts</p> <p>Gifts are typically considered to be private expenses and must not be purchased with a Council credit card without prior approval. There may be limited instances where a gift using Council funds is appropriate, such as in recognition of exceptional service of an employee or community volunteer, or as prizes for a Council-sponsored community award, and therefore classed as discretionary transactions. Prior approval from an Authoriser is required before any gift purchases are made.</p> <p>(c) Fuel</p> <p>Wherever available, use a fuel card to purchase fuel for work-related fuel expenses. In the event a fuel card is not available or not accepted by vendors in a location, Cardholders may use a Council credit card to purchase fuel for work-related travel, however sufficient supporting evidence which clearly documents the circumstances must be provided.</p>

<b>Prohibited Use and Transactions</b>	<p>The following types of transactions and purchases are generally prohibited and must not be made with a Council issued credit card:</p> <p>(a) Cash Advances/Withdrawals Cards must not be used for cash advances or withdrawing cash.</p> <p>(b) Refunds Any refunds for purchases made on a Council credit card must be refunded back to the credit card account. Refunds must not be accepted in cash.</p> <p>(c) Purchases of a private or personal nature Only approved, work-related expenses in accordance with this policy may be incurred.</p> <p>(d) Fines Cards must not be used to pay fines of any nature. It is Council policy that employees are responsible for payment of any fines they incur.</p> <p>(e) Alternative Online Payment Methods and Storing of Credit Card Details Where a payment for required goods or services can only be made through such a payment/e-commerce system, and that system requires the storage of credit card details or linking to a credit card account, then the General Manager may delegate certain Cardholders to set up and manage an online account. This policy applies for the online account, as for the credit card itself:</p> <ul style="list-style-type: none"> <li>• the online account is restricted for use by the Cardholder;</li> <li>• the online account is for work-related purchases only, in accordance with this policy;</li> <li>• the online account is to be set up with the Cardholder's work email address and details and is to be managed separately from any personal online payment/e-commerce accounts.</li> </ul> <p>Permissions for online accounts should be centrally controlled and recorded by Council. Council credit cards must never be linked to personal online payment systems or accounts.</p>
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## 4 Associated Documents and References

### 4.1 Local Government Act 1993 Reference

- Local Government Act 1993
- Local Government (General) Regulations 2005

## 4.2 Other Legislation Reference

- A New Tax System (Goods and Services Tax) Act 1999
- Fringe Benefits Tax Assessment Act 1986

## 4.3 Strategic Plan Reference

No.	Strategy	Timeline	Performance Measure
1.2.9	Ensure Council information meets community and stakeholder interests, is accessible, easy to understand and complies with legislative requirements.	Ongoing	Accessibility to information is maintained

## 4.4 Other Associated Documents

- Report of the Auditor-General No 4 of 2017/18 – use of credit cards by councils' general managers and elected members

APPROVED BY COUNCIL: 13 September 2021 Minute: 16918

EFFECTIVE DATE: 13 September 2021

ADMINISTERED BY: General Manager

This policy will be reviewed periodically to ensure its relevance in terms of community needs and expectations and Council goals, targets, budget and statutory requirements.

## SCHEDULE 1

### Allocation of Credit Cards and Credit Limits Table

This policy permits the issue of credit cards only to the Council roles and within the limits set. Noting the Shared Services Model operating between the Kentish and Latrobe Councils' it is recognised that the use of corporate credit cards for either Council is accepted.

Role/Position	Issue No.	Council	Credit Limit	Transaction Limit	Discretionary Expense Limit
General Manager	1	Latrobe	\$10,000	\$10,000	\$500
Manager Corporate & Business Services	2	Kentish	\$10,000	\$2,000	\$500
Manager Development & Regulatory Services	3	Latrobe	\$10,000	\$2,000	\$200
Manager Infrastructure and Assets	4	Latrobe	\$10,000	\$2,000	\$200
Manager Operations	5	Kentish	\$10,000	\$2,000	\$200
Team Leader – Finance	6	Kentish	\$6,000	\$2,000	Nil
Team Leader Customer Service & Business Support	7	Latrobe	\$6,000	\$2,000	Nil
Banksia Facilities Coordinator	8	Latrobe	\$3,000	\$1,000	Nil

- **Credit Limit** means the monthly credit limit and total value of purchases that may be made in a month.
- **Transaction Limit** means the maximum value for any single transaction.
- **Discretionary Expense Limit** means the maximum value per occasion of work-related entertainment expenses that a role is permitted to be purchased before seeking approval from an Authoriser.

#### Credit Card Allocation Table is authorised by:

**Name:** \_\_\_\_\_

**Position:** General Manager

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Position:** Manager Corporate & Business Services

**Signed:** \_\_\_\_\_

**Date:** \_\_\_\_\_

## SCHEDULE 2

### Cardholder Declaration

1. I \_\_\_\_\_ have read and understood Council's Credit Card Policy. I understand the requirements of me as a Cardholder and agree to comply with them.
2. In particular, I agree:
  - that I understand and will follow the rules and procedures of credit card use outlined in this policy;
  - that I will adhere to all related Council policies,
  - that the credit card is to be used for Council business only;
  - that I must retain receipts and documentation to support all transactions made with the card;
  - that I am responsible for the safekeeping and security of the card and account and liable for any misuse;
  - that I will not allow any other person to use my Council issued credit card; and
  - that disciplinary action will be taken for any breaches of the Policy.

Signed: \_\_\_\_\_

Dated: \_\_\_\_\_

### Authorisation

A Council Credit Card is approved to be issued to the Cardholder named above, who is authorised to hold and use the card in compliance with this policy.

Name: \_\_\_\_\_

Position General Manager

Name: \_\_\_\_\_

Position: Manager Corporate &  
Business Services

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_