

USE OF BUSINESS CREDIT CARDS FOR PURCHASING

POLICY ADOPTED: 15 July 2014

Policy Objective:

The objectives of the Use of Business Cards for Purchasing Policy is to;

- Achieve significant improvements in the procurement of goods and/or services that fall outside of the procurement policy and procedure; Save time, reduce processing and paperwork costs in securing such goods and/or services;
- Update the purchasing operation in line with recognised commercial processes;
- Improve business relations with suppliers.

Bland Shire Council currently has a procurement policy covering the acquisition of goods and/or services through a set of adopted practices. Whilst in most cases this policy remains the first choice of procurement, not all situations lend themselves to fall within the terms of the policy, such as booking of air flights, accommodation and conferences.

The need and use of business cards has become an increasing feature in business transactions and has proven effective in allowing Council to conduct operations in a timely whilst still maintaining appropriate levels of security.

Definitions:

NIL

Responsibilities:

Manager Financial Services

Recommended Practices:

1. Conditions

- 1.1 *Approval of use:* the intended cardholder's Director should recommend the use of a business card. Final approval rests with the General Manager and processed through the Manager Financial Services, who is deemed the Purchase Card System Manager.
- 1.2 *Business Card User Agreement:* All business card users shall sign a written agreement that clarifies the entitlements and responsibilities of both the user and Council.
- 1.3 *Approved Expenditure:* The card is only to be used for Council purposes and within appropriate limits agreed between the user and the user's Director. These limits shall be by \$ value and will be specified in the "Business Card User Agreement". Cash advances shall not be permitted.

The cardholder's Director is responsible for the vetting of monthly Business card statements to ensure expenditure is appropriate and within approved limits.

Business cards are not to be used for the purchase of stores inventory items.

- 1.4 *Changes to Limits:* Changes to transaction limits or other cardholder data must always be signed by two authorised signatories (General Manager or Director and Manager Financial Services) prior to forwarding to the bank.
- 1.5 *Approved Users:* Allocation of cards will be limited to those staff recommended by their Director and who are approved by the General Manager.
- 1.6 *Goods and Services Tax (GST):* Cardholders should ensure that GST is charged where applicable and that exemptions are sought when appropriate.

Cardholders and their managers are responsible to provide suppliers, such information as they need to ensure correct invoicing and a continuing good business relationship.

The Manager Financial Services will provide advice in this regard.

- 1.7 *Register of Cardholders:* A register of cardholders is to be maintained by the Manager Financial Services.
- 1.8 *Misuse of Card:* A card is considered to be misused if:
 - A cardholder is exceeding their credit or transaction limits.
 - There is unauthorised or inappropriate use of the card.
- 1.9 *Reconciliation:* Each cardholder must validate the legitimacy and correctness of transactions on the Business Card Statement relating to the usage of their card. The cardholder should sign and date the Bank Statement to validate the transactions and as a record that can be audited.
- 1.10 *Accounts Receivable Responsibilities:* Accounts staff will be responsible for the prompt payment of outstanding Business Card Statements. They must also return unauthorised or incomplete transaction records to the cardholder's manager for rectification.
- 1.11 *Return of the Card:* The relevant Director must take possession of the card from the cardholder in the following instances:
 - Resignation
 - Retirement
 - Transfer or promotion to another position that does not require the use of the card
 - Dismissal
 - Instruction to do so by the General Manager.

A card that is to be cancelled must be cut in half immediately its use is no longer required.

- 1.12 *Security:* Lost or stolen cards must be reported as soon as practical to the Manager Financial Services or Director.
- 1.13 *Penalties:* Misuse of the Business Card shall result in disciplinary action against the cardholder. Persistent misuse of the card will result in the removal of the card from the cardholder; re-evaluation of the position with possible dismissal and action in accordance with the Local Government (State) Award.

References:

Local Government (State) Award
Procurement Policy and Procedure

Appendices:

Bland Shire Council Business Credit Card Agreement and Acknowledgement by Cardholder
 Bland Shire Council Instructions for Purchasing Business Credit Cardholders

Authorisation:

Status	Committee	N/A	
	Manex	15 July 2014	
Owner	Director Corporate, Community & Development Services		
EDRMS Doc. ID	428835		
Superseded Policy			
Date of Adoption/ Amendment	Revision Number	Minute Number	Review Date
8 March 2000	0	57/3/00	
15 July 2014	1		July 2019

Related Council Policy / Procedure
Procurement Policy and Procedure
Use of Business Credit Cards for Purchasing Procedure

APPENDIX 1



**BLAND SHIRE COUNCIL BUSINESS CREDIT CARD
AGREEMENT AND ACKNOWLEDGEMENT BY CARDHOLDER**

Cardholder: _____ **Employee No:** _____

Directorate: _____ **Position:** _____

I UNDERSTAND AND AGREE THAT;

1. I am responsible, at all times, for the security and safeguarding of the card and all purchasing related documents.
2. I will sign the card and advise its number to the person who authorised its issue to me, immediately on receipt of the card.
3. I am permitted to use the purchasing business card only up to a predetermined credit limit in any one billing period (monthly).
4. I am permitted to use the purchasing business card to a predetermined maximum for any one transaction.
5. I will retain all documentation of all transactions created by the card to be attached to the payment requisition sheet for payment by Council.
6. I am permitted to use the purchasing business card only to purchase or pay for those supplies necessary in the course of my work and in accordance with the procedures and instructions issued to me.
7. I will not use the purchasing business card, nor permit it to be used, for other than official purposes.
8. I will not permit use of the purchasing business card by another person.
9. I will not use the purchasing business card for cash withdrawals.
10. I may use the purchasing business card for purchases by telephone providing the goods are in accordance with the guidelines issued by the Council.
11. If the purchasing business card is lost or stolen, then I will report this to the bank and the Finance Manager immediately.
12. I understand that if I misuse the card (i.e. otherwise than in accordance with the instructions given to me), Council may institute disciplinary action against me in accordance with the Local Government (State) Award.
13. I will return the card to the Finance Manager if I cease to be an employee of Bland Shire Council, if my position with Council changes or if called upon to do so.
14. I acknowledge that I have read and understood the guidelines and conditions set out above which govern the issue and use of the Bland Shire Council Business Card in my name and accept these conditions.

Signature of Cardholder: _____

Date: _____

Finance Manager Signature: _____

Date: _____

APPENDIX 2



BLAND SHIRE COUNCIL BUSINESS INSTRUCTIONS FOR PURCHASING BUSINESS CREDIT CARDHOLDERS

1. The card has a predetermined maximum limit per transaction/requisition. Requisitions may not be divided into smaller lots for the purpose of bringing each purchase below the transaction limit.
2. Transactions exceeding the limit are to be purchased using Council's normal purchasing procedures (i.e. use of an official Council order).
3. The card has a predetermined limit per month.
4. The card is not permitted to be used to obtain cash advances from any organisation (including bank, building society, supplier or other).
5. The card is not to be used to purchase items other than those for the cardholders responsibilities or function(s) and within budget.
6. When ordering goods back orders are to be avoided as much as possible.
7. If a back order is necessary it is the responsibility of the cardholder to ensure that the goods are collected and paid for.
8. If a delay in supply is foreseen then normal purchasing procedures will apply. (See 2).
9. All invoices/receipts must be attached to the Cardholder statement and returned to the Finance Section within ten working days of month end with the card statement. N.B. Please ensure that all dockets are attached, and purchases are allocated a costing number.
10. A cardholder whose card is lost, stolen or destroyed must immediately notify the bank and then the Finance Manager will arrange for a replacement card.