

# Transaction Cards

## Introduction

This policy ensures appropriate internal controls are in place regarding usage of transaction cards in accordance with Part 6 – Financial Management of the *Local Government Act 1995* (the Act).

## Objective

To provide the Chief Executive Officer with a framework 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
Allowable and reasonable business use expenditure	<p>Expenditure that directly supports Shire operational activities and complies with this policy includes:</p> <ul style="list-style-type: none"> <li>(a) travel expenses (airfare, accommodation and transportation);</li> <li>(b) fuel, parking and insurance;</li> <li>(c) flowers, wreaths, or office supplies, desk plaques, name plates and gift cards;</li> <li>(d) entertainment and hospitality expenses (food and drink) for Shire events;</li> <li>(e) training materials, accommodation expenses, or training courses, conference registration; and</li> <li>(f) Subscriptions to software providers (i.e. drop box, Smart Sheet, Adobe, Zoom); and</li> <li>(g) Equipment hire (including bonds);</li> </ul>
Cardholder	A Worker authorised by the CEO to incur expenditure via a Transaction Card.

Term	Definition
	A Volunteer of the Shire of Toodyay or external organisation for which the Shire of Toodyay issues such facility.
Corporate Services	The Business Unit, comprising of the Executive Manager Finance and Corporate Services, the Finance Coordinator, and the Finance Officers including 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.
Refer to the Shire of Toodyay (Shire) Glossary (Definitions) located on the Shire website for definitions not listed: <a href="https://www.toodyay.wa.gov.au/documents/470/corporate-documents-glossary-(definitions)">https://www.toodyay.wa.gov.au/documents/470/corporate-documents-glossary-(definitions)</a>	

## 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 proper accounts and records of the transactions and affairs of the Shire is kept pursuant to the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.
- (2) determine appropriate use of transaction cards, ensuring benefits to the Shire and compliance with financial standards.
- (3) 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 monthly acquitted transaction card account statements are provided 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) expenditure directly supporting Shire operational business activities with a provision in the Annual Budget.
- (b) expenditure aligning 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 impractical or inefficient via a purchase order, or not obtainable by other means than a Transaction Card.
- (d) supplier surcharges minimised and permissible only when alternative procurement methods are more burdensome, cost-ineffective, or there is no alternative mode of supply.
- (e) expenditure with express written permission from the CEO.
- (f) official travel, accommodation, and related expenses adhering to Shire policies and procedures.
- (g) accounts payable payments authorised by the Executive Manager Finance and Corporate Services.
- (h) detailed records of each transaction 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 or Private:**

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) cash advances;
- (f) expenses for personal or private purposes not approved by the Local Government;
- (g) deposits onto the transaction card, whether for offsetting misuse or other purposes.
- (h) capital expenditure;
- (i) expenses for goods or services already under contract with a supplier;
- (j) expenses not compliant with legislation, Shire Purchasing Policy, Annual Budget, or conditions relevant to the cardholder;
- (k) 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);
- (l) splitting expenditure to circumvent Purchasing Policy compliance or negate cardholder limits; and
- (m) expenses incurred primarily for personal advantage (e.g., membership or loyalty rewards).
- (n) Councillors:

Councillors are prohibited from using transaction Cards, as per the limitations outlined in the *Local Government Act 1995*. Councillors are restricted to receiving allowances and reimbursement for expenses, rather than incurring liabilities on behalf of the Local Government.

### **(3) Cardholder Responsibilities:**

- (a) Cardholders issued with a transaction card are responsible for:
  - (i) safekeeping of the transaction card, and proper usage for allowable purposes;
  - (ii) adherence to policy and procedures concerning purchasing, transaction card use, and financial limits;
  - (iii) maintaining records that provide evidence of transactions made against the transaction card such as receipts and tax invoices;
  - (iv) providing relevant expenditure account details and work order numbers;
  - (v) returning the transaction card to the Executive Manager Finance and Corporate Services before vacating their employment with the Shire;
  - (vi) reimbursing the Shire for the full value of any unauthorised, prohibited, or insufficiently reconciled expenditure; and

- (vii) surrendering benefits obtained through Transaction Card usage, such as membership or loyalty rewards to the Shire.

**(4) Transaction Record requirements:**

- (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) An invoice and/or receipt must contain the following:
  - (i) Date of transaction;
  - (ii) Company name and address;
  - (iii) Australian Business Number (ABN);
  - (iv) Amount of transaction; and
  - (v) Any applicable Goods and Services Tax (GST) amount.
- (c) 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 (b) above;
- (d) Where a purchase has occurred for the purposes of providing entertainment or refreshments (Hospitality), Cardholders 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 the event, for Fringe Benefits Tax calculations and probity purposes.

**(5) Transaction Evidence Guideline for Authorised Officers:**

- (a) All purchases made by credit card must be accompanied by a requisition (purchase order) raised in accordance with the Shire's Credit Card purchases procedure.
- (b) All relevant documentation supporting the purchase must be attached to the requisition.

**3. Determining when transaction card facilities are appropriate**

- (1) Transaction Card facilities may be implemented and maintained where they provide benefit to Shire operations by ensuring:
  - (a) timely and efficient procurement of goods and services;
  - (b) compliance with financial management and accounting standards; and
  - (c) secure, efficient and effective purchasing and payment functions.
- (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:

- (a) issuing, managing and cancelling transaction cards including validation and acquittal of expenditure;
- (b) Processing payment of card expenditure;
- (c) Keeping cardholders informed of policy and procedure changes;
- (d) Reporting all expenditure to Council within the monthly financial report; and
- (e) Conducting regular audits and real-time monitoring of purchases made by cardholders.

### **4.1 Lost or Stolen Credit Cards**

Cardholders must report lost or stolen cards immediately to the issuing Bank and Corporate Services.

### **4.2 Return of Cards**

Cardholders must return the card to Corporate Services at least one week prior to vacating their position so that the card may be cancelled, and the account settled.

## **5. Misuse of Transaction Cards**

Any misuse of a transaction card will result in immediate repayment of any incurred debt and may lead to disciplinary action, including the withdrawal of the card. Misuse includes any unauthorised, prohibited, or insufficiently reconciled expenditure. All instances of misuse will be thoroughly investigated, and appropriate corrective actions will be taken to prevent recurrence.

## **6. Fraud Prevention and Detection**

Monthly transaction card statements will be rigorously reviewed for any signs of unreasonable, excessive, or unauthorised expenditure. Any discrepancies identified will be subject to a detailed audit. If misuse is detected, the card may be withdrawn from the authorised cardholder, and further disciplinary actions may be taken. Regular audits and real-time monitoring will be implemented to enhance fraud detection and prevention.

## **7. Training and Awareness**

- (a) When a Cardholder is issued a transaction card they will receive comprehensive training on policy compliance and fraud prevention. This training will include a detailed review of the policy, and cardholders will be required to sign an acknowledgement form, agreeing to adhere to the rules outlined in the policy.



- (b) Additionally, regular refresher training sessions will be conducted annually to ensure ongoing compliance and awareness of any updates or changes to the policy.

## 8. Documentation and Recordkeeping

All procurement procedures related to this policy must be performed using the Shire's digital record management system. This system will ensure that detailed records of all transactions are maintained accurately and promptly, facilitating timely reconciliation and audit processes.

## 9. Management Oversight

Regular monitoring and reporting will be conducted to provide executive management with insights into the use and effectiveness of controls. This will include periodic audits, real-time monitoring of transactions, and detailed reports on card usage patterns and compliance with the policy. The results of these oversight activities will be documented and reviewed to identify and address any control gaps or areas for improvement.

## 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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Document ID	FIN11
Document Owner (position title)	Executive Manager Finance and Corporate Services

Document control information	
<b>Author (position title)</b>	Executive Manager Finance and Corporate Services
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