

2.3 PURCHASE CARD (P-CARD) POLICY

Date Reviewed	Next Review	Officer Responsible
1 July 2021	1 July 2023	P-Card Administrator

Policy Purpose:

The purpose is to set out the policy and procedures relating to the use of the Council P-cards by Council staff and the Mayor as a method of payment for Council expenditure. This enables efficient processing of low value and one-off transactions, and avoids employees having to use their own money while incurring expenses on behalf of the Council. The primary purpose of the P-card is to enable a convenient and efficient means to support the business purchasing requirements where normal purchasing policy practices are not viable.

This Policy covers all Council P-Cards for Council, CCO employees and the Mayor.

It describes the standards that all cardholders and Approvers must follow in relation to the use of P-Cards. This policy, related policies and associated business rules apply to all purchasing on Council's P-Cards and should be read in conjunction with the Acceptable Use Guidelines (section 11 of this document) which are meant to outline best practice.

Policy Objectives:

This policy applies to Rotorua Lakes Council and Council Controlled Organisations (CCO's).

Rotorua Lakes Council's P-Card programme has been established to provide a convenient and efficient means to support the business's purchasing requirements.

The programme utilises Flexipurchase to provide an effective and transparent tool for reporting, approving and monitoring P-card transactions, and compliance with Council's policies.

P-cards are used for council business purposes only.

The general terms and conditions of the P-Card must be complied with.

P-cards used for expenditure other than on council business will result in disciplinary action.

1.1 Principles

This Policy is designed to align with the key principles in the Office of the Controller and Auditor-General's (OAG) good practice guide, "Controlling sensitive expenditure: Guidelines for public entities".

The key principles in the OAG guidance include:

- Public money principle - public money is not the property of Council staff to do with as they please. The expenditure must be subject to standards of probity (scrutiny) and financial prudence that is expected of a public entity, and is able to withstand public scrutiny, including audit scrutiny.

Expenditure decisions should:

- have a justifiable business purpose
- preserve impartiality
- be made with integrity
- be moderate and conservative, having regard to the circumstances
- be made transparently and be appropriate in all respects.

The above principles should be applied as a set - none should be treated as more important than the other.

The issuance of a Council P-Card is an act of trust by the Council. This needs to be reflected in the way in which a P-Cardholder uses the P-Card. The highest standards of ethics and probity are expected from every P-Cardholder.

The availability of P-Cards is restricted to those who have a genuine "business" need for one. They are neither a status symbol nor a "perk".

P-cards will be issued to individuals only.

1.2 Limits and Applications

Credit limits will, depending on the business requirements, be kept at a minimum level, or at a level. Each Manager may choose a credit card monthly limit up to \$5,000 per month depending on the requirements of the position of the employee.

All P-Cardholders and associated credit limits shall be approved by a Cost Centre Manager, Executive Manager, Chief Executive or the Mayor in line with the Delegated Authority Policy.

Council P-Cards will not be issued to non-employees, contractors, casuals and councillors.

In exceptional circumstances where there is a need for higher limits an Executive Manager's approval, in conjunction with the Chief Financial Officer, must be obtained.

1.3 Responsibilities

Cardholders are the individuals to whom the P-Card has been issued and whose name appears on the P-Card.

Cardholders and Approvers are responsible for ensuring they fully understand and comply with the P-Card Policy and related policies and business rules. Acceptance of the P-Card Application Form and the Employee Declaration indicates that you understand the intent of the P-Card programme and agree to adhere to the policy and business rules established for the programme.

Cardholders:

- Are responsible for the security and usage of their P-Card at all times and must not allow the card to be used by any other person
- Are responsible for setting and maintaining a card PIN that is unique to all other PIN's used by the cardholder. This PIN must not be shared in any circumstances
- Must report lost, stolen or compromised cards immediately to the BNZ and the P-Card Administrator as soon as possible. The cardholder will not be personally responsible for charges incurred if this process is followed
- Must endeavour to use Council's preferred suppliers or existing supply agreements wherever possible prior to using their P-Card
- Are responsible for ensuring that the P-Card is only used for justifiable business expenditure incurred in relation to conducting Council's business
- Must obtain prior approvals before use where another policy requires authorisation before expenditure e.g. Learning & Development requires sign-off by the Cost Centre Manager and is evidenced by the signed Learning & Development form ("pinky") that will be attached to flexipurchase record of the transaction.
- Must keep receipts and tax invoices for all charges and load these as attachments into the Flexipurchase system
- No cash withdrawals will be permitted
- Cardholders will be held personally liable until transactions are properly coded and supported by the relevant receipts
- Must surrender the card to their manager and account for all expenditure in advance of changing role or leaving Council.
- Must comply with all the Council's policies associated with the P-Card and other relevant policies
- Must ensure all transactions are coded by the 25th of the month. Cardholders who have not coded all transactions for the previous month will have their facility suspended until coding is completed. Cardholders who fail on multiple occasions to comply with these policy requirements may have their P-Card cancelled without further notice.
- Receipts and supporting documentation must be scanned into Flexipurchase and attached to the credit card or cash expense transaction at the time of coding the transactions.
- Must ensure all transactions are coded in the Flexipurchase system using the correct entity-cost centre-activity-posting code string, GST status and the appropriate description which outlines the business purpose of the expenditure.
Good description: Water provided to volunteers at xyz event, after pre-approved refreshments failed to arrive.
Bad description: Drinks.
- Must, where a transaction is genuinely charged in error, immediately either cancel the transaction or where unable to do so, code to 'personal spend in error', and notify their senior manager and P-Card administrator to manage the correction.

Approvers are the managers to whom cardholder transactions are sent for approval within the Flexipurchase system.

Approvers are one up managers and must have appropriate delegated financial authority.

When a cardholder incurs expenditure which solely or directly is for the benefit of a more senior manager within the department or unit, then the approval of the expenditure must be made by a manager one up

from the person receiving the benefit, either directly within Flexipurchase or on an attachment. e.g P-Card holder pays for their Manager's conference fee; approval would be required by their Manager's one-up Manager.

Approvers

- Must review transactions
 - Must ensure all transactions have the correct post-code, entity-activity-cost centre or job-code combination, GST status and appropriate description
 - Must ensure cardholders follow the appropriate policies and procedures
 - Must advise the P-Card Administrator in writing of changes in employees, cost centre or address
 - Must complete forms for any termination/transfers of cardholders, ensure all expenditure is accounted for in advance of the cardholder changing role or leaving Council and return the P- Card to finance.
 - Must ensure proper receipts are attached for all spend
 - Are responsible for reviewing all receipts and ensuring that they are satisfied that the expenditure is justifiable business expenditure prior to approving
 - Are responsible for investigating suspected breaches of this policy or related policies as a result of P-Card use
 - Must ensure approvals are completed by the 29th of the month reporting period
- The key responsibility is to protect the cardholder by ensuring their spend is appropriate.

The P-Card administrator is responsible for:

- Being the point of contact between the Council and BNZ
- Issuing new and replacement Council P-Cards, destroying old cards
- Monitoring exception reporting on exceeded P-Card limits and escalating non-compliance to their manager
- Increasing/decreasing P-Card limits as authorised by CFO
- Informing BNZ of any P-Cardholder problems with vendors/merchants
- Investigating any charges disputed or unknown transactions as notified by Council P-Cardholder
- Resolving statement enquires raised by P-Cardholders
- Reviewing/spot-checking of transactions for compliance.

Employees that are responsible for administering the P-Cards will not be eligible for a card. Prior to the P-Card being issued, the recipient must be given a copy of this Policy and be required to sign it to signify that they have read, understood and accept Policy conditions of use.

Mayor (or Deputy Mayor in Mayor's absence)

- Review and approve the Chief Executive's P-Card expenditure on a monthly basis.
- In the absence of the Mayor (or Deputy Mayor) the Chief Executive's P-card will not be approved until the Mayor returns.

Chief Executive

- Review and approve the Mayor's P-Card expenditure on a monthly basis. In addition the Mayor's expenditure will be reviewed on a quarterly basis by the Chair of the Audit & Risk Committee.
- In the absence of the Chief Executive, the Mayor's P-Card expenditure will not be approved until the return of the Chief Executive.
- Review and approve Executive P-Card expenditure on a monthly basis.
- In the absence of both the Chief Executive and Chief Financial Officer, P-cards for Executive staff will not be approved until the return of either the Chief Executive or Chief Financial Officer.

Chief Financial Officer

- Review and approve any other Executive manager's P-Card expenditure on a monthly basis if requested by the Chief Executive.

- Review and approve any updates to this policy.
- In the absence of both the Chief Executive and Chief Financial Officer, P-Cards for Executive staff will not be approved until the return of either the Chief Executive or Chief Financial Officer.

Delegation of coding and approval duties

- If the P-Cardholder is away, coding duties can be delegated to another staff member
- If the Approver is away, approval duties can be delegated to the staff member on the same tier or higher than the current approver
- Management of the P-Card spend is the budget holders responsibility.

1.4 Compliance and Monitoring

- P-Card usage is subject to regular audit and monitoring
- P-Cardholders who fail to meet the standards required by this Policy may incur temporary or permanent loss of access to the P-Card without notice
- P-Cardholders will be held personally liable for any transactions that do not meet the standards detailed in this Policy
- Transactions left unapproved will be treated as non-compliant and will be required to be repaid to Rotorua Lakes Council.
- P-Cardholders and Approvers who fail to meet the standards required by this Policy or associated business policies may find themselves the subject of disciplinary action

Independent Reviews:

The Bank of New Zealand and Council Internal Audit monitor P-Card spending trends and alert P-Card Administration of any potential misuse and fraudulent activity.

P-Card expenditure will be subject to review by Risk and Assurance and the Council's external auditors.

Policy Review:

This P-Card Policy will be reviewed every two years or earlier as required.

1.5 Excluded/Limited Purchases

All travel purchases (flights, accommodation, rental vehicles) should be directed to the I-Site in the first instance. However there will be instances when the P-Cards may be used e.g. emergency travel/error in travel booking, overseas travel bookings.

An exhaustive list of purchases included or excluded from P-Card use is unrealistic given the broad scope of business operations. Therefore, P-Cardholders and approvers are accountable for being fully satisfied that expenditure is appropriate to conducting Council's business.

Purchases in the following categories are not to be made using a council P-Card:

- Any expense prohibited or controlled by another policy (particularly the Procurement policy – refer to the Procurement Policy and Guidelines on Council's intranet)
- Consultancy
- Contract Labour
- Fuel for motor vehicles (other than rental cars)
- Insurance

- Personal or non-Council business expenditure of any kind
- Capital expense items e.g. phones, laptops, computers and office furniture
- Alcohol purchased for showcasing to external clients (eg DRM) must be approved by Chief Executive (approval may be attached via scan)
- Alcohol for staff functions, unless prior approval by Chief Executive
- Entertainment expenditure must have prior approval of a Manager in accordance with delegated financial authority
- Splitting transactions to avoid spend limit constraints is prohibited
- Using the card as a means of avoiding established preferred suppliers
- P-Cards must not be used to meet the costs of tipping staff in NZ. Tips should only be paid for during international travel where tipping is local practice e.g United States

Internet purchases using P-Card

- Purchasing over the internet using a Council P-card may be used in instances where this is warranted. All P-Card payments over the internet need to reflect good security practice (eg don't provide P-Card details for web-based payments where the P-Card details are retrievable to others)
- Purchases must only be made from established reputable companies known to the Council which use a safe and secure site
- The P-Cardholder needs to keep a copy of any online order forms and tax invoices completed when purchasing, and scan into Flexipurchase at time of coding
- Any purchases using the P-Card over the internet must be consistent with the Council's procurement practices and guidelines. Refer to the procurement page on Council's intranet.

1.6 Exemptions and Exceptions

In the event of activation of the Civil Defence Emergency Management (CDEM), provisions of this policy relating to and associated guidelines may be suspended at the request of the CDEM Manager, Chief Financial Officer or Chief Executive. Any suspension must be appropriate to the circumstances of the emergency event while remaining consistent with the broad principles of the P-Card programme.

The following is the process only during an emergency activation of the EOC and per exemption status.

The EOC P-card will be under the name of the Infrastructure Manager. In the event of a confirmed EOC event the infrastructure manager shall provide a single nominated individual (SNI) with the EOC P-card for use only during the specific event. At the time of this transfer the EOC controller must inform the Financial Controller that this handover has taken place.

The single nominated individual (SNI) shall be responsible for the security of the card and should the card need to be passed to another individual due to specific EOC circumstances the card must be handed over on a signed basis where time out, person handing over control, person accepting control including time and date needs to be performed.

All transactions will be ultimately accountable for approval and sign-off by the infrastructure manager.

Once the specific EOC event has closed the EOC P-card needs to be returned and placed in safe keeping with a signed, timed and dated handover taking place and the financial controller informed.

All transactions need to be approved and signed off by the infrastructure manager.

1.7 Definitions

BNZ - Bank of New Zealand

PIN- Personal Identification Number

P-Cardholder - means the Council employee issued with a Council P-Card.

P-Card Approver- means the manager of the P-Cardholder

P-Card Administrator - means the person who manages all administration tasks associated with the P-Card transactions.

1.8 Acceptable Use Guidelines

All P-Cardholders are required to sign a Terms and Conditions of Use form before being issued with the P-Card.

Cancellation of P-Cards

- Any breach of the Policy could result in the immediate withdrawal of P-Card and possible disciplinary action
- The P-Card Administrator has the right to cancel a P-Card at any time.
- The P-Card must be returned to the P-Card Administrator for destruction, on termination of their employment or changing roles with the Council. All appropriate forms completed and sent to finance, and all coding and approvals completed.
- The P-Card cancellation will be processed by finance immediately once any remaining expenditure is approved. The P-Cardholders Manager must sign off the "Termination of Employment Checklist" certifying that the expenditure has been reviewed and approved
- All final wage/salary payments will be subject to completion of the final Pay Clearance form.

Security and Lost or Stolen cards

- It is the P-Cardholders responsibility to keep the P-Card secure
- When selecting and managing a P-Card PIN, cardholders must comply with the BNZ policy on PIN's. The selected PIN must be designed to reduce the chance of anyone guessing the numbers you choose. The PIN must be kept confidential at all times
- P-Cardholders are not permitted to share their P-Card and associated PIN. A signed declaration will be required by the BNZ and outlines the non-sharing of P- Cards rule. Failure to comply with this will result in the P-Cardholder being held personally liable for the transactions incurred
- If the P-Card is lost or stolen, the P-Cardholder must notify the BNZ directly on 0800 800 667 domestically or +64,44709201 internationally, then contact the P- Card Administrator pcardadmin@rotorual.nz and the Police (where stolen) immediately. The P-Card "Lost or Stolen form" must be completed and sent to the P-Card Administrator to request a replacement
- Email the P-Card lost or stolen form to pcardadmin@rotorual.nz and in the subject line type Flexipurchase
- The form can be found on the intranet (Lost, stolen or damaged P-cards).

Disputed Transactions

- Any transactions of unknown origin or disputed transactions must be referred to the P-Card Administrator immediately.

P-Card Amendments

- P-Card limit increase requests must be recommended by an Executive manager or higher who must provide a recommendation and rationale of any limit increases. The signed Credit limit increase request form is to be sent to Finance by email to pcardadmin@rotorualc.nz
- Subject line: Flexipurchase for final approval before the limit is increased.

Applications for new cards

- Staff wanting to obtain a P-Card must complete Council's P-Card application form', must sign Council's terms and conditions of Credit Card use', have their application endorsed by their manager and their group manager, and approved by Chief Financial Officer, or Chief Executive.

P-Cardholders exiting or leaving council or taking extended leave of absence.

- P-Cardholders are required to surrender their P-Card prior to leaving their role and Approvers are responsible for ensuring that this is done and all transactions properly accounted for. It is recommended that Approvers retrieve the P-Card at the time that it is first known that a P-Cardholder will be changing roles or exiting Council
- Where a P-Cardholder is on an extended leave of absence from the business for any reason, it is recommended that the P-Cardholder completes the extended leave form and the Approver contacts the P-Card Administrator and requests that the card be suspended. The card can be reactivated once the P- Cardholder returns to Council.

1.9 Breach of Policy

- A breach of this Policy may be considered to be serious misconduct and may lead to withdrawal of the P-Card, disciplinary action including possible dismissal and, for serious and wilful misuse, police action. In all cases of misuse, the Council will endeavour to recover any monies from the P-Cardholder, including by appropriate legal means if required
- Approvers are responsible for investigating all suspected breaches of this policy or related policies by P-Cardholders. Investigations should be conducted in accordance with Rotorua Lakes Council's Disciplinary Policy.

2.0 Related Legislation or Regulations

- Procurement Manual (for strategy, policy, principle and procedures)
- Sensitive Expenditure Policy, Staff Claims Guidance Notes, Fraud Policy
- Flexipurchase Approver User Guide

2.1 Roles and Responsibilities

Policy User	Adherence and compliance with this policy and guidelines
All managers and senior officers	Promote the principles of this policy
Policy Owner	<ul style="list-style-type: none">▪ Notify applicable staff of the requirements of the policy and guidelines eg Manager finance▪ Develop, consult, seek approval of and implement policy for the Rotorua Lakes Council▪ Communicate and support policy to all relevant stakeholders▪ Administer requirements of policy▪ Monitoring and updating of this policy, procedure, guidelines and rules.