

Use of Purchasing Cards and Electronic Payment Methods

The NSW Government has mandated the use of purchasing cards for all transactions under \$3,000 and to replace cheque with electronic payment methods where applicable. Agencies need to implement this policy as part of their business improvement programs. This policy applies to all 'authorities' subject to regulation (other than State Owned Corporations).

Summary:

A purchasing card is a type of credit card with advanced features that facilitate expenditure control (e.g. merchant restrictions on cards). It is a cost effective way to purchase goods and services for low value / high volume transactions while maintaining appropriate management controls.

This Circular specifies the NSW Government policy for the use of purchasing cards and electronic payments methods, e.g. electronic funds transfers, to replace traditional purchase-to-pay process where applicable.

The policy states:

- Purchasing cards should be used for all applicable transactions that are \$3,000 or less. (See page 2 for a recommended list of applicable categories). Principal departments and agencies have the discretion to use a higher threshold as long as appropriate risk management strategies are in place.
- Cheque transactions that are not eligible for purchasing cards use should be replaced by electronic payment methods where practical e.g. electronic funds transfer (EFT).
- Principal departments need to establish adoption targets for both purchasing cards and electronic payment methods and report back to Treasury by March 2012.

Should agencies need to make changes to existing processes, policies and systems, they should ensure that these new processes, policies and systems continue to comply with all statutory and policy requirements. Agencies must incorporate all the requirements for meeting the targets for purchasing cards and electronic payments, including implementation and operating costs, into their corporate shared services reform business cases or other existing business improvement programs.

Treasury will issue a revised policy and guidelines for credit card use in mid 2012 to replace TPP 05-1 *Credit Card Use Best Practice Guide*.

This Circular is issued as a Treasurer's Direction under section 9 of the *Public Finance and Audit Act 1983*. This is effective in conjunction with Treasurer's Direction 205 on Credit Cards.

This policy applies to an 'authority' subject to regulation (which includes departments and statutory authorities, other than State Owned Corporations) and all accounting officers and officers of an authority. Statutory State Owned Corporations are encouraged to apply this policy.

Philip Gaetjens
Secretary

Further Information: NSW Treasury: Whole of Government Review Branch, Ph: 9228 5140
NSW Treasury website: www.treasury.nsw.gov.au

Increase Use of Purchasing Cards and Electronic Payment Methods

Application:

1. Purchasing Cards

Typical suitable categories for purchasing cards use include:

- accommodation and food services (food, beverage, venue rental)
- education and training (e.g. conferences, training courses)
- repair & maintenance services (e.g. cleaning, pest control, equipment servicing)
- retail outlets (e.g. grocery, office sundries etc)
- wholesale trade (e.g. hardware trade outlets)
- information media (e.g. on-line book stores)
- printing services (e.g. brochures, signs)
- transport & logistics (e.g. train tickets, couriers)
- one-time or infrequent vendors.

Agencies need to ensure applicability to their business taking into consideration the impact on the overall procurement strategy, potential merchant fees charges and payment terms.

2. Electronic Payment Methods

Electronic payment methods (e.g. EFT) should be used as first preference for transactions that are currently paid by cheques and are not applicable for purchasing cards use.

Reporting requirements:

- Six-monthly government purchasing card survey to Treasury continues to apply.
- Reconciliation of monthly purchasing cards statements should be completed in a timely manner.
- All card holders should be made aware that:
 - reconciliation must be performed on a timely basis upon receipt of monthly statement whether electronic or manual
 - cardholder must provide supporting documents for **all** transactions conducted on the card.
 - cards are only to be used for official business purposes
 - all transactions conducted on a credit card have an “*audit trail*”.

Other requirements:

Agencies should review the limit under the *Public Authorities (Financial Arrangements) Act 1987*, (PAFA limit) for purchasing cards. If an increase is warranted, the specific agency will need to liaise with their Treasury analyst in the first instance.