

<b>Treasurer's Instruction No</b>	<b>705</b>
Title	<b>Tasmanian Government Card</b>
Effective date	<b>31 July 2017</b>
Objective and Background	<b>Prescribe the terms and conditions for the use of the Tasmanian Government Card</b>
Last Reviewed Date	<b>31 July 2017</b>

This Instruction was previously known as Treasurer's Instruction No 520 – Tasmanian Government Card.

*Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.*

## **BACKGROUND AND DEFINITIONS**

The Tasmanian Government Card (TGC) achieves efficiencies through the rationalisation of ordering, authorisation, reconciliation and payment procedures, particularly for low value purchases. Agencies are not compelled to use the TGC. However, they should choose the most cost effective mode of payment.

The major benefits arising from the use of the TGC include:

- generating productivity gains to agencies and the Government as a whole;
- allowing the Government's suppliers to receive speedier payment;
- reducing the paperwork associated with the purchasing and payment process for both the Government and its suppliers; and
- reducing the number of payments processed by agencies.

For the purposes of this Instruction:

**Cardholder** means an employee who has been issued with a TGC; and

**Service provider** means the Westpac Banking Corporation (Westpac).

## **USE OF THE TGC**

- (1) **The TGC shall be used by cardholders only for procurement, including travel.**

**(2) Use of the TGC is mandatory for all *applicable payments* under \$1 000.**

**Agencies must identify and document appropriate *applicable payments* for payment by the TGC within their agency.**

When determining what constitutes an *applicable payment*, an agency should take into consideration internal management and operational needs as well as any impacts on overall procurement strategy, the cost of any applicable merchant fees and impact on payment terms.

Within this context, *applicable payments* may include such matters as:

- office travel, accommodation and food services (those not considered entertainment);
- education and training;
- ad hoc repair and maintenance services;
- retail and wholesale purchases (eg grocery, hardware stores, office supplies and consumables); and
- couriers, printing services and information media.

**(3) Subject to paragraph (4), a Head of Agency shall determine an upper limit for each cardholder, above which no single transaction is to exceed.**

**(4) The Head of Agency may, on a case by case basis, approve an increase of the upper limit of a single transaction to \$10 000 for domestic travel by the Head of Agency or officers at the Senior Executive Service level or equivalent, or \$20 000 for overseas travel by the Head of Agency or officers at the Senior Executive Service level or equivalent.**

**(5) The TGC shall not be used in the following circumstances:**

- (a) to make cash withdrawals;**
- (b) for entertainment purposes, except where authorised in paragraph (7);**
- (c) to purchase fuel;**
- (d) for the payment of invoices, correctly rendered by suppliers, after the due date for payment;**
- (e) for the payment of fines; and**
- (f) for personal transactions, even if it is the cardholder's intention to immediately reimburse the private expenses.**

In instances where a cardholder is undertaking duties in a remote area and the contracted government supplier for fuel does not have an outlet within a reasonable distance, a fuel card for an alternative supplier may be requested from the Government's fleet manager.

Where an employee hires a vehicle, for official purposes, in Tasmania or interstate, a general use fuel card may be obtained and used for the purchase of fuel. The TGC shall not be used to purchase fuel.

- (6) **The TGC shall not be used for interagency payments other than where, after taking into account the merchant fee, the overall administrative cost to both parties in making small value interdepartmental payments by TGC is less than the costs of direct credit processing, invoicing and receipting.**

### **Entertainment**

- (7) **The TGC shall be used for entertainment purposes only for official business, by the Head of Agency and officers at the Senior Executive Service level or equivalent, with the prior approval of the Secretary of the Department of Treasury and Finance.**

The Head of Agency should write to the Secretary of the Department of Treasury and Finance and formally request approval for a cardholder to use a card for entertainment purposes. As authorisation may be granted to an individual officer in accordance with the office they hold, the request should specify the name and Senior Executive Service level or equivalent of each officer for which approval is being sought.

The Head of Agency should note the following in regard to any authorisations granted:

- officers authorised to incur entertainment expenses cannot delegate authorisation to another cardholder;
- if an authorised officer moves to a different agency, the previous authorisation to incur entertainment expenditure is not transferable; and
- authorisation to use a TGC for entertainment purposes cannot be gained by including an authorisation statement in a contract of employment.

The Head of Agency should ensure that each officer authorised to use a TGC for entertainment purposes understands what constitutes entertainment. In accordance with the *Fringe Benefits Assessment Act 1986*, Attachment 2 provides guidance regarding the definition of entertainment, together with examples. This document should be provided to officers upon gaining authorisation to use a TGC for entertainment purposes.

- (8) **Each purchase for entertainment purposes using the TGC must be authorised at Deputy Secretary or the Head of Agency level.**

Attachment 1 provides an *Entertainment Declaration* template for use by authorised officers to obtain endorsement for entertainment purchases.

### **Policies and Procedures in Agencies**

- (9) **The Head of Agency must ensure the effective, efficient and appropriate use of the card facility within an agency. The Head of Agency will determine how many TGCs are issued, to whom and for what purposes, including setting monthly credit and transaction limits.**
- (10) **The Head of Agency shall ensure that effective internal controls are maintained over the use of the TGC and shall issue instructions covering specific Agency policies and procedures that apply to the TGC. Unauthorised use of the TGC represents an unauthorised use of public monies.**

The Head of Agency should nominate an administering or controlling officer for the TGC who is responsible for:

- ordering, collecting and cancelling cards;
- updating policies and procedures;
- ongoing education and training of cardholders; and
- reviewing the operation of the card facility within the Agency, including reporting on its activities and ensuring that the TGC is cost effective.

Agency internal controls should ensure that:

- cardholders acknowledge their responsibilities in the use of the TGC. (Refer to Attachment 3 for a suggested acknowledgement form);
- new cards are signed immediately by the cardholder;
- lost or stolen cards are reported immediately;
- cardholder acknowledgements are reconstituted upon the creation of new agencies;
- all TGC transactions are accounted for, monthly statements are reconciled and transactions are recorded in the general ledger on a timely basis;
- transactions are in accordance with the Government's procurement policies;
- disputed transactions are reported immediately, and that subsequent action by the service provider is followed up; and
- all TGCs are retrieved from separating employees before they leave the Agency.

**(II) The cardholder shall obtain appropriate supporting documentation in relation to each transaction.**

For GST purposes, the cardholder shall obtain a valid tax invoice as supporting documentation for each transaction. For transactions less than \$75.00 in value (not including GST), cash register dockets or receipts constitute appropriate supporting documentation if a tax invoice is not readily available.

In the absence of a tax invoice or original receipt, the cardholder shall provide sufficient information regarding the transaction to satisfy an authorising officer who is appropriately delegated by the Head of Agency. The supporting information should include details of the transaction purpose, date, time, amount and vendor name.

Every attempt should be made to obtain formal original documents in support of transactions. The use of photocopies of documents should be avoided wherever possible. If, in a particular circumstance, photocopies are used as supporting documentation, they require a high level of authorisation and particular care needs to be made to ensure that payment is not made more than once for any particular transaction.

Where purchases are made in connection with official travel, the cardholder should be aware that transaction procedures and the availability of supporting documentation may vary in other countries.

- (12) TGC statements must be authorised for reimbursement to the Service Provider by an officer with appropriate authority. This authority may be delegated by the Head of Agency.**

No cardholder may authorise reimbursement for a statement to which that cardholder is a party.

### **Service Provider Contacts**

Information regarding the conditions offered by the Service Provider relating to the TGC is available in:

- Westpac Purchasing Card – Administrator Manual
- Westpac Purchasing Card – Customising the Administrator Manual
- Westpac Purchasing Card – Cardholder Manual
- Westpac Purchasing Card – Customising the Cardholder Manual

These manuals can be accessed via <http://www.purchasing.tas.gov.au/contracts>.

**ENTERTAINMENT DECLARATION**

**Description of expense:**

(Location, date and what the expense involved eg alcohol, meals)

.....  
.....  
.....

**Purpose**

(Eg business lunch, social function etc)

.....  
.....  
.....

**Attendees** (number of attendees)

**Non Staff:** .....

**Staff:** .....

**(Agency) Staff**

(Names of staff attendees)

.....  
.....  
.....

**Claimant**

Print Name: .....Signature: .....

**Deputy Secretary / Secretary Level Endorsement**

Print Name: .....Signature: .....

*The provision of entertainment means the provision of:*

- business lunches and drinks, cocktail parties and staff social functions;
- entertainment to staff or clients by way of access to sporting or theatrical events; and
- accommodation and travel to do with providing entertainment by way of food, drink or recreation.

*The provision of alcohol generally suggests the provision of entertainment. However, meals (including alcohol) and accommodation, where an employee is engaged on business travel, is not classified as entertainment.*

*The provision of food and drink for the purposes of light refreshment is not classified as entertainment, for example:*

- provision of morning and afternoon teas and light meals such as sandwiches, tea, coffee or juice to staff on a business day at the business premises;
- provision of a light lunch at a planning day or training session;
- provision of food and drink that is incidental to attendance at a seminar, ie conference, convention, lecture etc of at least four hours duration.

## DEFINITION OF ENTERTAINMENT

The *Fringe Benefits Assessment Act 1986* defines the term “entertainment” according to its meaning in the *Income Tax Assessment Act 1997*, Section 32.10.

*The provision of entertainment means the provision of:*

- *entertainment by way of food, drink or recreation, or*
- *accommodation or travel to do with providing entertainment by way of food, drink or recreation.*

## PROVISION OF FOOD OR DRINK ENTERTAINMENT

The mere provision of food and drink does not necessarily constitute entertainment. Objective analysis of all the circumstances surrounding the provision of food and drink is necessary in order to determine whether it constitutes entertainment. The Australian Tax Office (ATO) set out its views regarding meal entertainment in *Tax Ruling 97/117* and provides four critical questions. No individual question will determine if the food and drink provided is meal entertainment, however (a) and (b) are considered to incorporate the more important factors:

### ***(a) Why is the food or drink being provided?***

This is a “purpose test” to determine whether food or drinks are provided for refreshment or entertainment purposes. For example, food or drink provided for the purposes of refreshment does not generally have the character of entertainment, whereas food or drink provided in a social situation where the purpose of the function is for employees to enjoy themselves has the character of entertainment.

### ***(b) What food or drink is being provided?***

Morning and afternoon teas and light meals are generally considered to be the provision of refreshments, not entertainment. However, as light meals become more elaborate, they can take on the characteristics of entertainment as it becomes more likely that entertainment arises from consuming the meal. It is the nature of the food itself that will determine whether entertainment has been conferred on the recipient.

*Morning and afternoon teas* include light refreshments such as tea, coffee, fruit drinks, cakes and biscuits, but does not include alcohol.

*Light meals* include sandwiches and other hand food, salads and orange juice that are intended to be, and can be, consumed on your premises or worksite in the normal course of business.

**(c) When is the food or drink being provided?**

If food and drink is provided during work time, during overtime or while an employee is travelling, it is less likely to have the character of entertainment. This is generally because food or drink is being provided as sustenance for a work-related purpose rather than an entertainment purpose. This, however, depends on whether the expected outcome of the provision of food or drink is entertainment or work-related. For example, a staff social function held during work time still has the character of entertainment.

**(d) Where is the food or drink being provided?**

Food or drink provided to and consumed by employees at their business premises or work site is less likely to have the character of entertainment. However, food or drink provided in a function room, hotel, restaurant, café, coffee shop or consumed with other forms of entertainment is more likely to have the character of entertainment, as the provision of food or drink is less likely to have a work-related purpose.

**Provision of Alcohol**

The consumption of alcohol is normally associated with social activities, therefore generally suggests the provision of entertainment. However, if it is incidental to a larger event or work-related activity of an employee, such as during business travel or at the conclusion of a seminar, it will not be considered entertainment.

**PROVISION OF RECREATION ENTERTAINMENT**

Whilst it is not as common for Government entities to provide recreation entertainment compared to the provision of food and drink entertainment, it is important to be able to recognise what constitutes recreation entertainment expenditure.

*Recreation* includes participation in sports or pastimes, leisure pursuits such as watching a play in a theatre or movie in a cinema, harbour cruises and hiring of entertainers such as singers and comedians.

**ACCOMMODATION AND TRAVEL IN CONNECTION WITH THE PROVISION OF FOOD, DRINK OR RECREATIONAL ENTERTAINMENT**

Travel and accommodation will only be deemed entertainment if there is some element of entertainment associated with the travel or accommodation. For example, travel and accommodation at a resort where the employer pays for the weekend away would be entertainment. Likewise, the cost of taxi travel by an employee from their place of work to a social function at a restaurant or function centre forms part of the cost of entertainment. However, travel and accommodation in connection with an interstate work trip would not be entertainment.



## EXAMPLES

### **Activities that are not considered provision of food and drink entertainment:**

- Provision of a meal, including alcohol, to an employee engaged in business travel;
- Provision of finger food and drinks, including alcohol, at the end of a continuing professional development session he or she attended;
- Morning tea or light lunch provided on business premises acknowledging a business milestone, at a planning day or at a Minister's or Secretary's/CEO's address;
- Morning tea or light lunch provided on business premises, held for a visiting delegation, attended by a number of employees and where business discussions are held;
- Light lunch, without alcohol, provided on business premises, at a planning day, seminar or training session;
- Light breakfast served prior to a seminar, planning day or training session;
- Light lunch, without alcohol, provided on a business premises during a meeting with a third party; and
- Light take-away food, without alcohol, ordered in for lunch or dinner while working on a project with a specific deadline.

### **Activities that are considered provision of food and drink entertainment:**

- Payment of a meal at a restaurant attended by non-travelling employees and third parties;
- Entertaining visiting foreign dignitaries;
- Entity milestone anniversary celebrations; and
- Social functions to announce a major new initiative, whether held on or off business premises.

### **Activities that are considered provision of recreation entertainment:**

- Attendance by employees at golf days;
- Recreation components of seminars such as a winery tour;
- Leasing of a corporate box or other leisure facilities; and
- Escorting visiting dignitaries to local tourist attractions.

Further guidance can be found in on the Australian Tax Office (ATO) website, at <http://www.ato.gov.au/General/Fringe-benefits-tax/>.

## TI 705 – ATTACHMENT 3 – ACKNOWLEDGEMENT BY CARDHOLDERS

**(Agency Name)**

TASMANIAN GOVERNMENT CARD (TGC)

ACKNOWLEDGEMENT BY CARDHOLDER

Cardholder: .....

Position: .....

Cost Centre: .....

I understand that a TGC is issued to me on the express conditions that I will, at all times, comply with the following conditions:

- (1) The TGC is the property of (specify agency) and is in my possession and under my strict control and I will not permit the TGC to be used by another person.
- (2) I will not use the TGC nor permit it to be used for other than official Departmental use.
- (3) I will obtain supporting documentation in relation to each transaction entered into in respect of the TGC which has been issued in my name.
- (4) I may only use the TGC to a limit of \$..... in any one transaction up to a monthly limit of \$.....
- (5) I may only use the TGC in accordance with the Government's procurement policies and the agency's TGC procedures for the purchase of .....(insert goods, services, accommodation or other classifications of purchases).
- (6) I will not use the TGC for entertainment purposes unless I:
  - (a) have received authorisation from the Secretary of the Department of Treasury and Finance to do so on official business; and
  - (b) submit an "Entertainment Declaration" form for endorsement by my Deputy Secretary or Head of Agency.
- (7) I will not use the TGC for fuel purchases (for which there is a separate contract card available).

**TI 705 – ATTACHMENT 3 – ACKNOWLEDGEMENT BY CARDHOLDERS**

- (8) I will not use the TGC to make cash withdrawals.
  
- (9) I will not authorise any TGC transaction to which I have been a party.
  
- (10) If I use the TGC for unauthorised purposes I understand that the agency may take disciplinary action and proceedings may be instituted against me under law.
  
- (11) If the TGC is lost or stolen I am to report it IMMEDIATELY to Westpac Banking Corporation and the officer in my agency authorising the issue of the TGC.
  
- (12) If I resign, retire or transfer to another agency I will immediately hand my TGC to the officer responsible for the administration of the TGC in my agency for cancellation.
  
- (13) The use of the TGC has no bearing on my personal credit standing.

I acknowledge that I have read and understood the conditions set out above which govern the issue and use of the TGC in my name.

.....

.....

Signature of Cardholder

Signature of Authorised Officer

Name: .....

Name: .....

Date: .....

Date: .....