



## Corporate Credit Card Policy

### Summary:

The purpose of this policy is to provide clear direction around the issuance and use of Council credit cards and addresses areas of potential fraud and misuse to protect Council funds and maintain public confidence in Council operations.

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<b>Approved By</b>	Council
<b>Endorsed By</b>	Chief Corporate Officer
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<b>Department</b>	Finance & Technology
<b>Policy Custodian</b>	Manager Finance & Technology
<b>Superseded Documents</b>	N/A
<b>Related Legislation</b>	Local Government Act 1993 Borrowing Policy
<b>Delegations of Authority</b>	Manager Finance and Technology

### 1. Overview

Corporate credit cards are a routine aspect of accounts management and procurement for the Council. Credit cards, when used appropriately, can save money by streamlining processes for the purchase of goods and services. The use of credit cards carries the potential for some risk, particularly in the area of fraud and misuse.

### 2. Policy Principles

This policy places controls on the use of credit cards in order to protect Council funds and to maintain public confidence in Council's operations.

### **3. Policy Objectives**

The objectives of this Policy are to:

- provide a secure, flexible and well documented method of purchasing that has the potential for efficiency and economy;
- To improve Council's on time payment method and improve cash management;
- To simplify the procurement of goods thus reducing the administrative and financial costs of payment processing;
- To establish and maintain accountability and transparency at all times with respect to payment processing;
- To minimise the risk of fraud and corruption;
- To provide clarity to staff and Councillors.

### **4. Policy Statement**

#### **1. Circumstances in Which Cards May and May Not be Used**

Corporate Credit Cards should only be used for the payment of goods and services associated with Council business or as allowed under the terms of the employee's contract of employment with the Shire.

Council intends to minimise the use of Petty Cash by issuing cards to staff that require payment for incidental items.

Activities that would not qualify for the use of a corporate credit card include the following:

- any use that is of a personal or private nature;
- cash advances;
- fines, for example a motor vehicle parking fine or a speeding offence which was incurred while on Council business.
- circumstances where Council can place an order and receive an invoice for the particular item to be purchased ie if a creditor is already established in the finance system, Council should raise a purchase order and request an invoice and not pay the account on a credit card.

Where inappropriate expenditure occurs, the value of the expenditure shall be recovered from the card holder.

It should be noted that the Manager Finance & Technology is not permitted to have a Corporate Credit Card. This is done as an internal control to ensure integrity and segregation of duties.

## **2. Credit Limits**

The maximum credit limit for an individual Council Corporate Credit Card shall be \$5,000 unless approved otherwise by the Chief Executive Officer or the Manager Finance and Technology who has been sub-delegated authority for Corporate Credit Card management. In any event, the maximum overall Credit Limit on all Credit Cards of Council is limited to \$50,000 unless Council approve otherwise.

## **3. Eligibility for Cards**

The Mayor will be issued with a Council Corporate Credit Card for use in relation to discharging the functions of civic office subject to the provisions of the policy for Payment of Expenses and Provision of Facilities to Councillors.

The Chief Executive Officer is eligible for the issue of a Council Corporate Credit Card, and has authority to approve the issue of a Corporate Card to other staff within the overall facility limit of \$50,000. As mentioned above, this delegation has been further sub-delegated to the Manager Finance and Technology.

## **4. Formal Acknowledgement of Policy Conditions**

Persons issued with a Corporate Card are in a position of trust in regard to the use of public funds. Improper use of that trust may render the card holder liable to disciplinary/legal action/criminal prosecution.

All Corporate Card holders are to acknowledge receipt of the corporate card and instructions for use. The acknowledgement will include a signed agreement to abide by all Council and card supplier (Bank) guidelines and conditions of use.

## **5. Internal Control/Reconciliation Procedures**

Internal control procedures for review and process of corporate card transactions are as follows:-

- Monthly statements, with all relevant supporting documentation, are to be referred by the Finance Section to the card holder for checking, certification and preparation of claims to acquit expenditure. All card holders are to verify that each entry on their statement is correctly charged by signing and dating the credit card statement. Each card holder shall then provide the monthly statement, with all relevant documentation to their immediate supervisor who shall certify that the expenditure charged to Council has been incurred by only the authorised corporate card holder and on goods/services associated with Council business by counter signing and dating the credit card statement; except that the Mayor shall certify expenditure incurred by the Chief Executive Officer, and the Chief Executive Officer shall certify expenditure incurred by the Mayor.
- The Manager Finance & Technology is to ensure that all card holder statements and associated documentation required for payment of the expenditure are received, examined and appropriately endorsed by the

due date. All documentation shall be retained for review at a later date as required.

- All card holders are to ensure that proposed transaction/s will not cause the credit limit to be exceeded;
- The Manager Finance & Technology shall maintain a Register of Credit Card Holders which shall detail the name of the card holder, card account number, credit card limit and expiry date for all cards. The Register shall be maintained up to date and reflect changes notified to the credit provider bank.

## **6. Annual Reviews of Card Holders to Confirm Usage**

The Manager Finance & Technology is to prepare on an annual basis a report to the Chief Executive Officer that includes details of:-

- Expenditure for the year to date in summary form;
- Any matters noted which effect the efficiency or effectiveness of the corporate card, e.g. cards not used;
- Action taken in relation to matters raised in the report and results of action in response to matters outstanding from previous reports.

## **7. Procedures for Lost, Stolen and Damaged Cards**

Card holders are personally responsible and accountable for the safe custody of the corporate card issued. Card holders must:-

- Secure the card at all times to safeguard against loss or theft;
- Ensure that personal identification numbers (PINs) are not written on, nor carried with cards or within the wallets of the card holder;
- In the event that a corporate card is lost or stolen the card holder should telephone the Bank as soon as the loss is discovered and report the loss to the Manager Finance & Technology at Council.

In the event of a damaged card the card holder should return the card to the Manager Finance & Technology for destruction and replacement.

## **8. Procedures for Returns and Final Reconciliation of Card Accounts on Cessation of Employment**

Upon cessation from Council's employment, the card holder must ensure that:-

- All outstanding transactions are cleared and properly accounted for;
- The card is returned to the Manager Finance & Technology who is to arrange for destruction of the card;

- The officer returning the card is to obtain an acknowledgement for the return of the corporate card from the Manager Finance & Technology.

## 5. Scope

This Policy applies to any person issued with a Corporate Credit Card by Council.

## 6. Accountability, Roles & Responsibility

### **Elected Council**

Overarching Authority to set borrowing limits.

### **Chief Executive Officer, Executive and Management Teams**

Delegation of credit card limits for individuals.

### **Management Oversight Group**

N/A

### **Individual Managers**

Responsible for ensuring compliance with this Policy.

## 7. Definitions

**Cardholder** – refers to a Councillor or member of staff authorised to use a corporate credit card and who is the person to whom a corporate credit card has been issued.

**Credit Card** – A card issued to a Councillor or member of staff with a facility limit set on an individual basis based on operational requirements.

## 8. Related Documents, Standards & Guidelines

Local Government Act 1993

Borrowing Policy

Code of Conduct

Local Government Code of Accounting Practice and Financial Reporting

## 9. Version Control & Change History

Version	Date	Modified by	Details
V1.0	28 November 2007	Council	Adoption of Original Policy Council resolution No.691/07
V2.0	27 February 2013	Council	Council Resolution No. 20/13
V3.0	21 May 2014	Council	Council Resolution No. 158/14
V4.0	23 August 2017	Council	Council Resolution No. 168/17
V5.0	23 May 2018	Council	Council Resolution No. 96/18