

## Corporate Credit Card Policy



Strategic Reference	Objective 4; collaborative and respectful relationships amongst community, Elected Members and Council staff. Strategy 4.3; to continuously strive for open and accountable administration practices. Strategy 4.7; make sound decisions based on need, evidence, research and the aspirations of our communities.
File reference	AR19/5961
Responsibility	Community & Corporate Department
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Last revised date	May 2020
Minutes reference	100/20,149/19
Next review date	Within six (6) months of the next periodic election, as required or due to legislative requirements
Applicable Legislation	<i>Local Government Act 1999</i> , sections 124 and 125 <i>Local Government (Financial Management) Regulations 2011</i>
Related Policies	Procurement Policy Prudential Management Policy Public Interest Disclosure Act 2018
Related Documents	Internal Financial Controls Framework Financial & Credit Card Delegations Credit Card Agreement Acknowledgement & Receipt of Credit Card Counselling & Disciplinary Procedure Employees Code of Conduct

### 1. Purpose

This Policy provides guidance on how Council's corporate credit cards are to be allocated, used and administered to ensure that the credit cards assist Council in the delivery of its services while minimising the potential for misuse and fraud.

It is recognised that corporate credit cards are an efficient and flexible method of paying for goods and services. They offer a convenient and highly traceable payment option which assists to streamline business processes, improve purchasing efficiency and reduce administrative costs. Overall, Council's credit card use accounts for a small proportion of total expenditure, however, it is important that the corporate credit card system is effectively managed to reduce and control the risk of improper or unauthorised use.

## **Corporate Credit Card Policy**

The objective of this Policy is to:

- Apply to the provisions of the *Local Government Act 1999* (“the Act”) Section 124 (Accounting Records to be Kept) regarding Council’s Corporate Credit Card system and how financial information pertaining to credit card purchases, transactions and reconciliations are undertaken across all Council operations.
- Position itself subordinate to the Internal Financial Control Framework which outlines the risk management principles. All Council Policies are created under and must comply with.
- Recognise that the Internal Financial Control Framework complements Council’s overarching Risk Management Policy which outlines risk mitigation principles for all Council operations including financial.
- Apply to the provisions of Section 125 of the Act (internal control policies), in addition to other organisational policies and processes which align with Council’s strategic vision and which aim to:
  - mitigate risks and provide reasonable assurance that the operations of Council are conducted in an efficient and effective manner;
  - safeguard Council’s assets and ensure record keeping and financial reporting is timely, accurate and reliable.

### **2. Terms of Credit Card Use**

Corporate credit cards are provided to a limited number of Council employees who hold positions where it can be demonstrated that there is a regular and ongoing business requirement to purchase specific goods or services. Where allocation of a credit card is deemed appropriate, it will be issued with a set maximum credit limit; equal to or less than the employee’s financial delegation.

The corporate credit cardholder **must** conform to sound principles of purchasing in accordance with this document, Council’s *Procurement Policy*, any other relevant Council Policy or procedure, the employee’s financial delegation and the approved budget. In doing so, the cardholder will ensure expenditure meets the following characteristics:

- Necessary – for an official business purpose;
- Reasonable – expense must not be extreme or excessive;
- Reflect value for money;
- Appropriate – able to withstand public scrutiny; and
- Allowable – within council policy and legislative requirements.
- As per Councils Procurement Policy criteria

The conditions of credit card use are set out in the *Credit Card Agreement and Acknowledgement by Cardholders* which acts as a declaration and understanding, and must be signed before the card is issued.

The Chief Executive Officer (CEO) will hold a register of Financial & Credit Card Delegations which details credit limits per officer. While credit limits issued to positions held will generally not alter, the CEO has the delegation to exercise alteration to credit limit(s) within the scope of Council’s overarching Bank SA credit card facility. In addition, the CEO can exercise delegated authority to change the number of cards issued as deemed appropriate.

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However, in the case of a corporate credit card issued to the CEO, approval must be given by the Principal Member.

Should the CEO seek to increase Council's overarching Bank SA credit card facility, an amendment to this Policy will be required.

Council Members will not be issued with a corporate credit card.

### **3. Definitions**

For the purpose of this Policy:

**"the Act"**: refers to the *Local Government Act 1999 (SA)*.

**"Council"**: means the Coorong District Council.

**"Credit Card"**: refers to a Bank SA Visa Card issued as part of Council's credit card system (capped at \$50,000) which is hosted by Council's business banking facility with Bank SA.

**"Delegated Authorising Officer"**: the senior officer authorised to approve credit limits and transactions incurred on a subordinate employees' corporate credit card.

**"Merchant"**: a supplier of a good or service allowing a purchase via credit card.

**"Monthly Limit"**: the credit balance that is allowed to be incurred without requiring repayment prior to the statement cut-off date.

**"Official Business"**: business/transactions made that relate specifically to the conducting of business for the Coorong District Council.

**"PIN"**: the Personal Identification Number assigned to a card for electronic purchases authorisation.

**"Taxation Receipt"**: a record of purchase provided by the merchant that has a supplier Australian Business Number.

### **4. Preferred Purchasing Methods**

Cardholders must consider alternative purchasing methods available to them in accordance with Council's Procurement Policy, before using a Council credit card.

Credit cards **may** be appropriate for purchasing in the following instances:

- 4.1 purchase amounts up to \$500;
- 4.2 Invoices for approved goods or services requiring immediate or out-of-cycle payment, when payment has been authorised;
- 4.3 Where purchase orders are impractical or inappropriate such as online purchases; or where raising a purchase order would take too long or unreasonably impact operational efficiency. This includes but is not limited to items such as parking; taxi fares; work-related meals; subscriptions; small value or unique IT items including monthly subscriptions and licence fees. NOTE: alcohol is not to be purchased on a credit card unless prior approval is received from the CEO;

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- 4.4 Where payment by credit card has been formally authorised, such as emergency situations;
- 4.5 For purchases which cannot be made in the office, such as work-related travel expenses incurred while travelling or undertaking field work; noting that this does not include purchases for fuel when a corporate fuel card is provided for occasions when a Council corporate vehicle is used. Also refer to 6.7;
- 4.6 For purchase of flowers or gifts under certain circumstances, which include occasions when it is appropriate, necessary or expected to offer a token of acknowledgement to community members/volunteers, staff and Council Members; or to thank an unpaid guest speaker; or for an employee or their family on the death of or in the event of a life threatening injury or illness. Consistency and equity is to be maintained and no purchase shall exceed \$100.

Cardholders are expected to operate with some discretion, but must justify their purchasing decisions, including the purchasing method chosen in accordance with Council's Procurement Policy. Cardholders shall seek guidance or written instruction from their Delegated Authorising Officer if clarification is required.

### **5. Limitations**

Each credit card represents a risk of accidental or intentional misuse of public funds and each credit limit amount is the extent of that risk. To minimise the risks associated with credit cards, the cardholder **must** adhere to the following:

- 5.1 Corporate credit card should not be used when an alternative form of procurement and payment is available at the time of purchase;
- 5.2 Cash advances to the corporate credit card are strictly prohibited;
- 5.3 Personal expenses of any kind are not to be incurred on a corporate credit card;
- 5.4 No private expenditure shall be incurred, even if private funds are transferred or repaid immediately, to offset the expenditure.
- 5.5 Corporate credit cards are not to be linked to any form of loyalty point's program or airline club memberships;
- 5.6 Corporate credit cards must not be used to pay fines of any nature;
- 5.7 Every effort must be made to avoid using a corporate credit card for the purchase of fuel when a fuel card is available. In the event that the purchase of fuel to a corporate credit card is unavoidable, the cardholder must provide a written statement detailing the circumstances under which the use of a corporate credit card was used. The statement must be authorised by the Delegated Authorising Officer and/or CEO. The statement must accompany that month's Credit Card Reconciliation Form;
- 5.8 A cardholder found to have used a card in contravention to the terms and conditions of use as prescribed by the card provider; or those stated in this policy; may be subject to disciplinary action.

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### **6. General Guidelines for Credit Card Use**

Transactions for expenses that are approved and budgeted for such as approved projects, Council events or social functions, or travel; may be made without additional approval from a Delegated Authorising Officer. The cardholder must be able to demonstrate that purchases made are approved. Credit card statements must be approved each month by the appropriate Delegated Authorising Officer.

All expenses must be for a legitimate council purpose – meaning they are reasonable and appropriate in the circumstance, and able to withstand public scrutiny.

It is the cardholder's responsibility to ensure that:

- 6.1 use of the corporate credit card complies with the requirements of this Policy, Council's Procurement Policy and Bank SA Card Conditions of Use;
- 6.2 the card and card password and PIN (if applicable) are kept safe and guarded from improper use at all times;
- 6.3 the card is returned immediately to the Finance Department on cessation of employment; transfer to another position of employment; upon request from the CEO or delegate; expiry of the credit card; or voluntary surrender;
- 6.4 all purchases must be supported by an appropriate tax invoice/receipt that meets the requirements of the Good & Services Tax Act 1999. Where a tax invoice has not been retained, the cardholder should obtain another from the supplier;
- 6.5 if all avenues have been exhausted and the cardholder is unable to obtain a tax invoice from the supplier, the cardholder must provide a Statutory Declaration detailing all details regarding the nature and purpose of the expense, along with details as to why no tax invoice/receipt was received;
- 6.6 monthly credit card transactions are accurately recorded on the monthly Credit Card Reconciliation Form and appropriate authorisations are obtained;
- 6.7 all supporting documentation is retained and attached to the Credit Card Reconciliation Form before being returned to the Accounts Payable Officer as part of the monthly reconciliation process. This must occur before the 20<sup>th</sup> of each month.

### **7. Lost, Stolen or Replacement Cards**

Due to the issuing bank's privacy laws, it is the responsibility of the cardholder (staff member) to immediately contact the bank (Bank SA) to report their credit card is lost or stolen. Similarly, if the cardholder notices unauthorised (fraudulent) transactions on the monthly statement, it is the responsibility of the cardholder to immediately report to the bank. The cardholder must also advise the Delegated Authorising Officer and/or CEO as soon as practicable to advise if their credit card is lost or stolen.

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### 8. Breach of Policy or Misuse

Misuse of a credit card by a public officer is a breach of trust, intentional or otherwise, which may expose Council to financial or reputational risks. Intentional misuse of a credit card may lead to one or more of the following:

- revocation of the credit card issued to the employee;
- disciplinary action in accordance with Council's relevant HR Policies and/or procedures;
- independent investigation to determine if repayment of the expense is required by the employee.

Any fraudulent credit card use must be immediately reported to the CEO for referral to the appropriate agency.

### 9. Reporting

All credit card statements, including transaction date, merchant name, expense description, card holder position and amount spent will be published on Council's website on a monthly basis.

### 10. Policy Review & Further Information

This Policy will be reviewed within six (6) months following the next periodic election in November 2022, as required or subject to legislation changes.

This Policy will be available for inspection at any of Council's three offices during the hours listed below, and is available to be downloaded, free of charge, from Council's website: [www.coorong.sa.gov.au](http://www.coorong.sa.gov.au).

<b>Coorong Civic Centre</b>	<b>Meningie Information Hub</b>	<b>Tintinara Customer Service Centre</b>
95-101 Railway Terrace Tailem Bend Phone: 1300 785 277 Fax: 8572 3822 <b>8.30am to 5.00pm</b> Mon-Fri (closed Public Hols)  PO Box 339, Tailem Bend	49 Princes Highway Meningie Phone: 1300 785 277  <b>8:30am to 5.00pm</b> Mon-Fri (closed Public Hols)  (Closed for lunch between 12:30pm – 1:30pm)	37 Becker Terrace Tintinara Phone: 1300 785 277  <b>11.00am to 3.00pm</b> Mon-Fri (closed Public Hols)

Email [council@coorong.sa.gov.au](mailto:council@coorong.sa.gov.au) to obtain a copy of this policy.

Any grievances in relation to this policy or its application should be forwarded in writing addressed to the Chief Executive Officer of Council.