



## POLICY DOCUMENT

## 7.63.16

<b>Policy Name</b>	<b>CORPORATE CREDIT CARD</b>
<b>Policy No.</b>	7.63.16
<b>Version:</b>	1
<b>Strategic Reference:</b>	Goal 3 – Governance and Leadership
<b>Responsible Department:</b>	Corporate and Community
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<b>Last revised date:</b>	18 May 2020
<b>Minute reference:</b>	CO 24/031
<b>Next review date:</b>	Council will review this policy 4 years after adopted date or following significant change to legislation or aspects included within this policy.
<b>Applicable Legislation:</b>	Local Government Act 1999 Local Government (Financial Management) Regulations 2011
<b>Related Policies:</b>	Procurement Policy 7.63.15 Fraud, Corruption, Misconduct and Maladministration Prevention Policy 9.63.21 Internal Control Policy 7.63.5 Public Interest Disclosure Policy 9.63.27 Employee Code of Conduct 12.63.12 Behavioural Standards for Council Members 9.63.3
<b>Related Documents:</b>	

### 1. **POLICY STATEMENT**

#### **1.1. *Scope***

Corporate credit cards are an important part of modern purchasing systems. While local governments generally use credit cards for a small proportion of their total payments, it is important they are effectively managed to reduce the risk of improper or unauthorised use.

This policy is intended to apply to credit cards, as well as any other similar type of corporate or organisational purchasing card. In this policy, the term “credit card” is used to refer to any purchasing card, including credit, debit, EFTPOS and similar bank cards used for purchasing on behalf of an organisation or corporation.

This Policy is designed to complement Council’s existing internal controls as part of its corporate governance framework. The City of Port Lincoln’s Internal control framework consists of policies and processes that aim to mitigate risks and provide reasonable assurance that the operations of Council are conducted in an efficient and effective manner, activities and services are planned, assets are secure and protected from loss, legislation and council policies are followed and, record keeping and financial reporting is accurate and reliable.

### **1.2. Purpose**

The purpose of this policy is to provide guidance on how the City of Port Lincoln's corporate credit cards are to be allocated, used and administered to ensure that that credit cards assist in efficient delivery of local government services while minimising the potential for misuse and fraud.

### **1.3. Purchasing Principles**

Cardholders must conform to sound principles of purchasing when using a Council credit card which includes only expending Corporate Funds in accordance with the Council's Procurement Policy, Acquisition Plans, the employee's financial delegation, and approved budget.

### **1.4. Preferred Purchasing Methods**

Cardholders must consider the alternative purchasing methods available, such as payment on invoice and purchase contracts before using a Council credit card.

Credit cards may be appropriate for purchasing in the following typical situations:

- Smaller purchase amounts, typically below \$2,000;
- Where payment by credit card has been formally authorised, such as emergency situations;
- Purchasing of training, conferences, travel, meals, accommodation, etc. either online or at the point of sale where it is required that payment be made by credit card; and
- Online purchases for goods and services in accordance with acquisition plans and/or where it is deemed that online purchasing via credit card is the most effective, efficient or the only means of purchase, e.g. police checks

## **2. CONTROL OF CREDIT CARDS**

### **2.1. Risk Management Strategy**

Each active 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 risks associated with credit cards, Council must:

- Limit their combined purchasing potential (or credit limit) at any one time;
- Only issue cards to organisational roles where the operational benefits of efficient purchasing outweigh the increase in risk;
- Limit the credit available on each card to the minimum needed to facilitate efficient purchasing, considering the alternative payment options available; and
- Ensure cardholders and authorisers adhere to the procedures and responsibilities set out by the policy.
- Where possible include additional restrictions on purchases through the credit card facility.

## **2.2. Authorisers**

Authorisers have a key role in the control of credit cards, managing purchasing risk and maintaining compliance with this policy. Authorisers:

- May authorise or decline the issuing of credit cards to a cardholder;
- May authorise or decline applications for the top-up of funds to monthly credit limits;
- May or may not be allocated a credit card;
- If they are allocated a credit card, may not authorise their own purchases.

The following roles are Authorisers for the purpose of this policy:

- Chief Executive Officer
- General Manager Corporate & Community
- General Manager Environment & Infrastructure

## **2.3. Allocation of Credit Cards and Credit Limits**

Credit cards are issued to cardholders according to the following rules:

- The Chief Executive Officer must authorise the issue of every credit card.
- Credit cards are only provided to a limited number of employees within the council in positions where it can be demonstrated that there is a regular and ongoing business requirement to purchase specific goods or services.
- On receipt of the card from the card provider, the cardholder shall formally acknowledge receipt of the card by completion of Appendix 1 – Card Holder Declaration.
- Monthly credit limits will be set to the lowest amount required by the cardholder to conveniently execute their role, considering budget constraints and the alternative payment methods available.
- Council's overall monthly credit limit allocation will be \$30,000. The Chief Executive Officer shall determine appropriate credit limits for individual Corporate Credit Cards, but shall not exceed the credit allocation to all cards unless approval is provided by Council to increase Council's overall credit limit.
- Council Members will not be issued with a credit card.
- Where the operational benefits to Council of a role holding a credit card no longer outweigh the increase in risk of the extra card, the credit card should be returned and cancelled.
- The Card Holder will be issued with a separate sub-delegation for use of the Credit Card by the Chief Executive Officer.

## 2.4. Roles and Responsibilities

Credit cards must be kept secure. Under no circumstances are cardholders to allow their allocated credit card to be used by any other employee or person, and under no circumstances are PINs to be shared.

The roles and responsibilities can be summarised as:

	Cardholder	Manager	Independent Reviewer	Card Authoriser
Issuing of credit cards in line with this policy				✓
Only use credit card for appropriate uses, as defined in this policy	✓			
Ensure all transactions are recorded in line with defined description standards recording the business purpose of the expenditure together with all original tax invoices and receipts	✓	✓	✓	
Reconcile the credit card within 10 business days of statement	✓			
Independent Review and approval of each transaction by the 20 <sup>th</sup> day of each month of statement date and submitted to Accounts Payable			✓	
Audit a sample of credit card transactions to ensure the independent review is operating effectively and in line with Council Policy			✓	
Monitor credit card expenditure		✓	✓	
Ensure credit card compliance with Councils policy	✓	✓	✓	✓

## 3. USE OF CREDIT CARDS

### 3.1. General Guidelines

Credit cards must only be used to expend corporate funds in accordance with the Corporate Credit Card Policy, any other relevant Council Policy or procedure, the employee's sub delegated authority, and approved budget.

All expenses must be for a legitimate council purpose-meaning they are reasonable and appropriate in the circumstance, and able to withstand public scrutiny. All expenditure must meet the following characteristics:

- Necessary- For an official business purpose;
- Reasonable- expense must not be extreme or excessive
- Reflect value of money;
- Appropriate- able to withstand public scrutiny; and
- Allowable-within council policy and legislative requirements

### **3.2. *Cardholder Responsibility and Liability***

Cardholders are responsible for the custody and security of the card and account and liable for any misuse and associated costs. Always follow this policy and seek guidance from an Authoriser if in doubt.

Cardholders must comply with any terms and conditions of use provided by the card issuer and should follow the guidelines and recommendations of the issuing institution.

### **3.3. *Non-Cardholder Use***

Only the designated cardholder may use the credit card. To ensure the person using the credit card is identifiable and accountable, card holders must not let any other person (including council staff and elected members) use the allocated credit card, or account, or record or share credit card details.

Where for an approved purchase in compliance with this policy, the credit card may be used by the cardholder to purchase work-related items on behalf of another Council staff or elected member, provided the expense is appropriate and approved in accordance with this policy. If you choose to do so, the purchase must always be made, documented and justified by the cardholder in accordance with this policy. Expenditure approval for this purchase must be evidenced and authorised by Council staff with appropriate delegation.

### **3.4. *Receipts and Documentation for Every purchase***

Cardholders must obtain a valid tax invoice for all credit card purchases.

Every attempt should be made to obtain valid original documents in support of transactions. In the absence of a valid tax invoice or original receipt, the cardholder must provide sufficient information regarding the transaction to satisfy an Authoriser that the purchase is a valid work-related purchase that complies with the intent of this policy. The supporting information should include details of the transaction purpose, date, time, amount and vendor name.

Repeated purchases without supporting documentation are a purchasing risk to Council and may result in a credit card being revoked and/or disciplinary action.

### **3.5. *Transaction Description***

The Cardholder must use naming standards to describe the transaction using information in the format of:

[What] [Why] [Project] [Where] [For]

Example descriptions:

- EF Catering for opening of Youth Hub project at NOC requested by John Waite

- Hardware for repair of garden beds at community garden project Seaford for Jan Murphy
- Door closes to replace existing in carpenter workshop for Bob Salles at FOC
- Hardware supplies to refill trucks for maintenance works
- Subscription annual fee for disability magazine used at Elizabeth House for seniors project
- MetroCard travel card for office/city transport for shared use in Community Capacity

All catering, hospitality and entertainment charges must include the number of internal staff and external.

### **3.6. Reconciling Invoices to Statements**

Strong controls assist in the early identification of erroneous, inappropriate or unauthorised transactions. Transactions should be matched to invoices and vetted by the cardholder before being independently approved by the cardholder's manager and finance officer. These steps should be completed within a reasonable timeframe (as outlined in section 2.4) to help ensure timely acquittal and approvals, and also early identification of any unauthorised transactions.

On receipt of the account transaction statement each month, the statement will be reconciled according to the following process:

- (1) The cardholder must collate all tax invoices for all purchases to reconcile the account statement and will be required to reconcile transaction individually against the supporting documentation and the requirements of this policy; and provide the reconciled account statement and supporting documents, recording the business purpose of the expenditure, to their manager for approval.
- (2) The manager will:
  - a) Question, with the cardholder, any transactions:
    - (i) Without supporting documentation
    - (ii) That may be in conflict with this policy; and
    - (iii) That appears suspicious, unauthorised, excessive or of unknown purpose
  - b) Sign the account statement if all transactions are supported by adequate documentation, purchases appear to be in accordance with this policy with no suspicious activity.
  - c) Provide the reconciled and approved account statement to Accounts Payable for processing.

If there are any outstanding transactions that cannot be adequately explained or reconciled with this policy, the officer must report these to the Chief Executive Officer for further investigation and appropriate action;

### 3.7. *Prohibited Use and Transactions*

A credit card must **not** be used:

- For personal expenses or private purchases. If a personal expense is incurred by the card holder unintentionally, the cardholder will be personally liable for these transactions. The cardholder should immediately report the unintentional use of the card to their manager and reimburse the money spent. Disciplinary action may also be taken if deemed appropriate by the Manager.
- To purchase ICT assets such as phones, tablets, laptops, monitors or meeting room monitors;
- To purchase gift cards (unless pre-approved by Chief Executive Officer)
- In conjunction with any form of loyalty points program eg Flybuys (ie the cardholder is not to earn any personal points in conjunction with credit card transactions).

Purchases must not be split into smaller transactions (ie multiple transactions or over multiple cards) to circumvent expenditure / transactional limits of financial delegations.

The following types of transactions and purchases are generally prohibited and must not be made on a Council credit card.

- **Cash Advances/ Withdrawals-** Council credit cards must not be used for cash advances or withdrawing cash.
- **Refunds-** Any refunds for purchases made on a Council credit card must be refunded back to the credit account. Refunds must not be accepted in cash.
- **Purchases of a private or personal nature-** Council credit cards must not be used for purchases of a private or personal nature, even if the cardholder intends to reimburse Council. Only approved, work related expenses in accordance with this policy may be incurred.
- **Fines-** Council credit cards must not be used to pay fines of any nature. The cardholder must pay any fines that you incur.
- **Purchase of Alcohol-** unless pre-approved by the Chief Executive Officer.
- **Fuel-** Council credit cards must not be used for fuel purchases unless the cardholder is in an urgent situation when a fuel card is not available. Instead, fuel cards are the preferred method of refuelling work vehicles. Cardholders may apply for reimbursement of work-related fuel expenses, however must also provide sufficient supporting evidence that documents the trip, its length and purpose.
- **Alternative Online Payment Methods and Storing Credit Card Details-** Use of council credit cards on, or linking to, alternative online payment methods and e-commerce payment systems or accounts, such as Paypal, google Wallet or Apple Wallet, or any system that records and stores credit card details, is prohibited unless pre-approved by the Chief Executive Officer.

Where a payment for necessary goods or services can only be made through such a payment/e-commerce system, and that system requires the storage of credit card details or linking to a credit card account, then the chief executive officer may delegate one cardholder to setup and manage the online account. This policy applies for the online account, as for the credit card itself the online account is:

- (1) restricted for use by the cardholder;

- (2) for work-related purchases only, in accordance with this policy;
- (3) to be set up with the cardholders work email address and details and to be managed separately from any personal online payment/e-commerce accounts.

### **3.8. *Lost, Stolen or Damaged Cards***

If a cardholder suspects that they have lost their credit card or their credit card has been stolen then they must immediately notify:

- The Card Provider
- Manager Finance & Business

Once a credit card is reported as lost or stolen, the finance team will ensure it is cancelled immediately to prevent unauthorised use.

### **3.9. *Return of Cards***

Cardholders must return a council credit card to their manager if the cardholder is:

- (1) ceasing or terminating employment; or
- (2) moving to a role that is not assigned a credit card; or
- (3) taking extended leave from their role for one month or more, or otherwise where retaining the card is considered an unnecessary risk; or
- (4) no longer requires, or do not wish to hold, a credit card.

The credit card will be cancelled and destroyed, where it is returned due to the following:

- Cessation of employment
- Use of credit card is revoked
- The Cardholder changes position permanently

Where a credit card is returned due to a period of extended leave or the Cardholder changes position temporarily, it will not be deactivated but retained in the safe until the cardholder returns from leave or returns to their substantive position. The credit card will be returned to the Cardholder for use on their return from leave or to their substantive position.

Where a credit card has been returned for any of the above reasons it will be cancelled or deactivated (whichever is applicable) in a timely manner to avoid loss and/or misuse of cards.

## **4. REPORTING & MONITORING CREDIT CARD USAGES**

The finance team will conduct reviews to ensure compliance with the policy and procedure, identify any abnormal trends, ensure that redundant cards are cancelled in a timely manner to avoid loss and/or misuse of cards and regularly monitor outstanding transactions to identify and follow up on long outstanding un-acquitted transactions.

Any non-compliance detected must be promptly reported to the Chief Executive Officer or General Manager.



5. **FURTHER INFORMATION**

This policy will be available for inspection at the council offices listed below during ordinary business hours and available to be downloaded, free of charge, from the councils website:  
[www.portlincoln.sa.gov.au/](http://www.portlincoln.sa.gov.au/)

6. **RELEVANT DELEGATED POWERS AND DUTIES**

Any actions or decisions made regarding this policy, will be enacted upon as per Council's current Delegations Register.

**APPENDIX A- CARD HOLDER DECLARATION**

A corporate credit card will be issued to you by the Bendigo Bank on condition that you will, at all times, take strict care of the card and abide by the following conditions.

1. I will only use the corporate credit card in accordance with Council’s credit card policy, my sub delegated authority, other relevant council policies and for purchases within approved budget.
2. I will only use the corporate credit card within its daily and monthly expenditure limits.
3. I will ensure that a receipt is obtained which describes the goods purchased. For purchases over \$82.50 (including GST), the receipt must be a compliant tax receipt.
4. Receipts are to be reconciled with the monthly statement from the Bendigo Bank within a timely matter in accordance with section 2.6 of Councils Credit Card Policy. The appropriate business unit numbers should be entered for each line on the statement. All receipts are to be attached to a printed copy of the statement and forwarded to the delegated officer. All receipts are to be retained for 7 years.
5. If a receipt is misplaced, I will complete the Corporate Credit Card Transaction Declaration form and attach to the statement.
6. If the corporate credit card is lost or stolen, I will report it immediately to the Bendigo Bank (ph: 08 8682 5226) and the Manager Finance & Business.
7. I will not allow the credit card to be used by another person.
8. I understand that misuse of the corporate credit card as per the Procurement policy & Procedures, will be referred to my Manager/ Supervisor
9. Failing to comply with the above may result in the corporate credit card being deactivated or revoked.
10. I will return the corporate credit card to the finance team upon taking extended leave, cessation of my employment with the Port Lincoln City Council, or if the card is revoked.
11. I will not disclose to anyone the PIN number issued to me by the Bendigo Bank
12. Upon Receipt of the corporate credit card, I will sign the card immediately and follow the cover letter instructions regarding activation.

Limits are approved by the CEO are:

Daily \$..... Monthly \$.....

I acknowledge that I have read the and understood the conditions set out above which governs the issue and use of a Port Lincoln City Council corporate credit card in my name.

Name ..... Date...../...../.....

Signature..... Position .....

Form received by (name): ..... Date...../...../.....

Signature..... Position .....

**APPENDIX B - ALLOCATION OF CREDIT CARDS AND CREDIT LIMITS**

This policy permits the issue of credit cards only to the Council roles and limits as determined by the Chief Executive Officer:

<b>Role/Position</b>	<b>Issue</b>	<b>Credit Limit<sup>1</sup></b>	<b>Transaction limit<sup>2</sup></b>
Chief Executive Officer	1		
General Manager Corporate & Community	2		
General Manager Environment & Infrastructure	3		
Manager Finance & Business	4		
Manager Economic & Tourism Growth	5		
Manager Library Operations	6		
Team Leader Visitor Information Centre	7		
Coordinator Arts Facilities	8		
Manager Community, Culture & Recreation	9		
<b>Total</b>		\$30,000	

**Credit Card Allocation** is authorised by:

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Position: \_\_\_\_\_

Signed: \_\_\_\_\_

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_

<sup>1</sup> **Credit Limit** means the monthly credit limit and total value of purchases that may be made in a month.

<sup>2</sup> **Transaction Limit** means the maximum value for any single transaction.