

## **5.13. CORPORATE CREDIT CARD POLICY**

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**DEPARTMENT** Finance and Corporate Services

### **RECOMMENDATION**

**That Council adopt the Corporate Credit Card Policy.**

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### **EXECUTIVE SUMMARY**

The Corporate Credit Card Policy provides controls and procedures regarding purchasing and paying for items of Council expenditure in accordance with Council's Procurement Policy via Corporate Credit Card.

### **BACKGROUND**

As per the Douglas Shire Council's Procurement Policy, the Chief Executive Officer has authority to issue Corporate Credit Cards as necessary for operational requirements. Corporate Credit Cards are issued to each Manager, Chief Executive Officer and Mayor if they choose to have one. The Chief Executive Officer may delegate authority for other Council employees to be issued with a Corporate Credit Card for operational purposes.

The Corporate Credit Card Policy was adopted in May 2020. The Policy provides detail around who may hold a Corporate Card, security, stringent guidelines regarding usage, recording of documentation and reporting of theft or fraud.

The Policy has been reviewed and minor administrative changes made to the wording on page 1 and Attachment B (highlighted in yellow) to include the Mayor and adjust credit limits in line with the Procurement policy and delegations.

### **PROPOSAL**

That Council adopt the Corporate Credit Card Policy

### **FINANCIAL/RESOURCE IMPLICATIONS**

The Corporate Credit Card Policy adoption will not have any budgetary impact on Council.

### **RISK MANAGEMENT IMPLICATIONS**

Having a Corporate Credit Card Policy ensures that controls are formalised around appropriate usage, documentation, reconciliation, security and theft or fraud, thus reducing risks to Council.

## SUSTAINABILITY IMPLICATIONS

**Economic:** A formal Corporate Credit Card Policy ensures all spending via this means is for legitimate Council business activities and in accordance with Council's Procurement Policy. This may have a positive impact on Council Economic Sustainability.

**Environmental:** Nil

**Social:** Nil

## CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

### Corporate Plan 2019-2024 Initiatives:

#### Theme 5 - Robust Governance and Efficient Service Delivery

Strong governance and financial management are the foundations of the way in which Council will conduct its business and implement the initiatives of the Corporate Plan.

**Goal 1** - *We will conduct Council business in an open and transparent manner with strong oversight and open reporting.*

**Goal 2** - *We will put the customer at the centre of our service delivery and process improvement as we deliver efficient and appropriate services based on community expectations.*

**Goal 3** - *We will make sound financial decisions by ensuring robust strategic planning, financial management and reporting.*

## COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

**Regulator** Council has a number of statutory obligations detailed in numerous regulations and legislative Acts. Council also makes local laws to ensure that the Shire is well governed. In fulfilling its role as regulator, Council will utilise an outcomes based approach that balances the needs of the community with social and natural justice.

## CONSULTATION

**Internal:** Finance Team, Procurement Team, Governance Team

**External:** Nil

## **COMMUNITY ENGAGEMENT**

Nil

## **ATTACHMENTS**

1. Corporate Credit Card Policy [BCLB] [5.13.1 - 8 pages]

## 72. CORPORATE CREDIT CARD POLICY

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### Purpose

The Corporate Credit Card Policy provides for the purchasing and paying for items of Council expenditure in accordance with Council's Procurement Policy via Corporate Credit Card. The policy ensures effective controls and procedures are in place with respect to the authorisation and use of Corporate Credit Cards.

### Scope

This policy applies to all Council Officers issued a Corporate Credit Card.

### Policy Content

The Policy enables efficient purchasing to take place whilst maintaining internal authorisation and controls.

### Issuing of Corporate Credit Cards

As per the Douglas Shire Council's Procurement Policy, the Chief Executive Officer has authority to issue Corporate Credit Cards as necessary for operational requirements. Corporate Credit Cards will be issued to each Manager, Chief Executive Officer and Mayor if they choose to have one. The Chief Executive Officer may delegate authority for other council employees to be issued with a Corporate Credit Card for operational purposes.

The cardholder shall acknowledge and accept conditions of use of the Douglas Shire Council Corporate Credit Card by signing the Corporate Credit Cardholder Agreement – refer to Attachment A.

Once a credit card is issued, the employee must ensure the card is kept in a secure manner and guarded against improper use. The cardholder will be personally responsible for the card's security and any disputed charges.

In some instances, a credit card will be issued for one or a number of specific uses only; in these cases the cardholder must adhere to stringent guidelines. When this occurs, the specific guidelines will be clearly stated and included on the Corporate Card Agreement form assigned to that employee.

Credit card usage is reviewed ~~annually~~ periodically by the Team Leader, Financial Accounting (or delegate) to ensure that each cardholder is operating within established guidelines. All transactions are reconciled and approved by the Council Officer's supervisor, with the exception of the Chief Executive Officer's & Mayor's transactions which are reviewed and approved by Team Leader Financial Accounting (or delegate).

### Credit Limits

An overall limit of \$200,000.00 is set for Council's credit facility with individual monthly credit limits and transactions limits set for each Corporate Credit Card. Monthly credit limits will range from \$12,000.00 to a maximum of \$10,000.00. Monthly credit limits may be amended by the Chief Executive Officer to maintain Council's overall credit limit as agreed with the facility provider.

### Appropriate use of Corporate Credit Cards

Douglas Shire Council Corporate Credit Cards may only be used for:

- Legitimate Council business activities
- Purchase of goods and services in accordance with Council's Procurement Policy.

### Usage Restrictions

Douglas Shire Council Corporate Credit Cards do not have a cash advance facility. The cards cannot under any circumstances be used for private or personal use and cannot exceed the cardholder's credit limit.

The Corporate Credit Cards are not to be used for:

- Any illegal activity
- Any personal expenses

### Responsibility of Credit Card Administrator

The credit card administrator will:

- Follow up any apparent misuse or non-compliance with this policy and associated procedures with the Chief Financial Officer
- Maintain a current register of all authorised cardholders
- Cancel lost or stolen Corporate Credit Cards immediately upon notification of a concern

### Responsibility of Cardholder

The Cardholder will:

- Ensure the Corporate Card is used for official Council business in accordance with the Corporate Credit Card Policy
- The Corporate Credit Card is not used for any purpose that contravenes this or any other Council policy
- Every transaction processed through the Corporate Credit Card is authorised by the Cardholder or investigated if unauthorised
- A tax invoice is collected for all transactions
- The Corporate Card is stored safely and securely at all times
- The monthly statement is reconciled within 30 days of the statement date
- All documents pertaining to the transactions are made available to the Credit Card Administrator in the format and timeframe requested
- For FBT purposes, expenses relating to the provision of entertainment must provide details of the total number of staff who attended and the total number of attendees. The Chief Executive Officer must approve any expenditure relating to the provision of entertainment to the expense being incurred
- Cancel lost or stolen Corporate Card immediately upon notification of a concern

### Lost, Stolen, Damaged and Expired Cards

The loss, or theft of credit cards must be immediately reported by the cardholder to the card provider regardless of the time or day discovered. The cardholder must also formally advise the Finance section of the loss or theft as soon as possible. The cardholder will follow the card provider's instructions in a timely manner to facilitate the activation of the replacement card.

For expired cards, the cardholder will be advised by Finance section when the card is available for collection. Expired cards must be handed to the Finance section for destruction before the new card is re-issued.

### Corporate Credit Card Breaches

If an unauthorised payment has been made on any Corporate Credit Card, the employee responsible must reimburse Council for the amount considered to be unauthorised within 7 days.

If a fraudulent third-party purchase is detected, this must be immediately reported by the cardholder to the card provider regardless of the time or day discovered. The cardholder must also formally advise the Finance section of the fraudulent action. The cardholder will follow the card provider’s instructions in a timely manner to resolve the disputed action.

### Examples of Misuse or Breaches

The following list represents examples of common Corporate Credit Card practices that constitute a breach of this policy. The list is not intended to be exhaustive and provides guidance only.

- Expenses for private or personal use – e.g. meals paid outside business hours or for family members, unauthorised fuel for a private car
- Expenses which exceed cardholder limit – e.g. making a payment greater than your set limit
- Use of card without prior approval – e.g. booking flights online prior to approval of travel
- Making payments via the credit card to avoid tendering and quotes. Splitting of transactions to bypass approved credit card limits is prohibited. Purchases must all be in accordance with the Procurement Policy. Employees cannot avoid this procedure by using a credit card
- Making payments that are excessive or not value for money via the credit card
- Making a non-Council business payment using the Corporate Credit Card with the intention of reimbursing Council

### Consequences of Corporate Credit Card Misuse or Breach

If a cardholder is found breaching the Corporate Credit Card Policy, the card may be immediately cancelled. If any employee or a cardholder is found breaching the Corporate Credit Card Policy, the matter will be investigated by Human Resources.

Employees will be afforded procedural fairness, may seek procedural advice from the Human Resources team and have the right to assistance from a support person.

### Auditing the use of Corporate Credit Cards

An audit of Corporate Card Transactions will be conducted by the Audit Committee or Internal Auditor as defined in the Internal Audit Plan.

### Definitions

| TERM              | DEFINITION  |
|-------------------|---|
| <b>Council</b>    | Douglas Shire Council   |
| <b>Cardholder</b> | The officer to whom a Corporate Credit Card is issued. The card is embossed with the officer’s name and bears the officer’s signature on the reverse of the card for security and identification purposes |

| TERM                                  | DEFINITION  |
|---------------------------------------|---|
| <b>Corporate Credit Card/s</b>        | All Credit Cards held under a Council Credit Card facility  |
| <b>Credit Card Administrator</b>      | The Finance Officer responsible for the administration of Credit Card expenditure and operation of the scheme   |
| <b>Corporate Credit Card Provider</b> | The financial Institution that provides Council’s Credit Card facility. Currently this is the Commonwealth Bank of Australia  |
| <b>Monthly Credit Limit</b>           | The dollar limit of the total value of transactions permitted on an individual cardholder’s Corporate Credit Card during the billing cycle  |
| <b>Officers</b>                       | Council Employees and Councillors   |
| <b>Private Expenditure</b>            | Refers to any expense that is not related to the Council’s business operations. The purchase of gifts, food and other items in relation to non-business activities such as birthday celebrations is private expenditure |
| <b>Transaction Credit Limit</b>       | The dollar limit per transaction permitted on an individual cardholder’s Corporate Credit Card  |

## Related Legislation

- Local Government Act 2009
- Local Government Regulation 2012
- The Public Service Act 2008
- Public Sector Ethic Act 1994
- Code of Conduct for the Queensland Public Service
- Crime and Corruption Act 2001
- Financial and Performance Management Standard 2009

To comply with its legal obligations, Council will report allegations of misconduct to the Crime and Corruption Commission, as detailed in the Fraud and Corruption Policy.

## Related Documents

- Procurement Policy
- Entertainment and Hospitality Policy
- Fraud and Corruption Policy

## Policy Review

This policy will be formally reviewed whenever legislation changes, or every 2 years if no changes have been required to be enacted, at the direction of the Chief Executive Officer.

**Policy Details**

|                               |  |
|-------------------------------|--|
| <b>Policy Name</b>            | Corporate Credit Card Policy                     |
| <b>Policy Number</b>          | 72   |
| <b>Policy Version</b>         | 1  |
| <b>Document Number</b>        | 957960   |
| <b>Endorsed by</b>            | Chief Executive Officer                          |
| <b>Policy Type</b>            | Council  |
| <b>Approval Authority</b>     | Council  |
| <b>Date Adopted</b>           | 26/05/2020                                       |
| <b>Time Period</b>            | 2 Years  |
| <b>Review Date</b>            | 1/03/2022  |
| <b>Policy Department</b>      | Finance and Corporate Services                   |
| <b>Link to Corporate Plan</b> | Robust Governance and Efficient Service Delivery |
| <b>Revoked/Superseded</b>     |  |

## ATTACHMENT A

### Corporate Credit Cardholder Agreement

I, \_\_\_\_\_ (insert cardholder name)

\_\_\_\_\_ (insert cardholder position)

Acknowledge and accept the conditions listed below which govern the use of the Douglas Shire Council Corporate Credit Card:

#### Conditions of Use

1. Ensure corporate credit cards are maintained in a secure manner and guarded against improper use.
2. Corporate credit cards are to be used only for Douglas Shire Council official activities, there is no approval given for any private use.
3. All documentation regarding a corporate credit card transaction is to be retained by, or provided to, the cardholder and produced as part of the reconciliation procedure.
4. Credit limits are not to be exceeded.
5. Decisions to use the credit card must be made in the best interest of council and must not be tied to any type of reward system that provides cardholders with any personal benefit or reward.
6. Observe all cardholder responsibilities as outlined by the card provider.
7. Purchases on the corporate credit card are to be made in accordance with Douglas Shire Council's Procurement Policy.
8. Reconciliations of credit card purchases are to be completed in council's financial system within thirty (30) days of the credit card task being generated.
9. Transactions will be supported by a valid tax invoice/receipt stating the type of goods or services purchased, amount of goods or services purchased and the price paid for the goods or services.
10. If no supporting documentation is available the responsible employee may be requested to complete a Statutory Declaration Form detailing the nature of the expense and must state on that declaration 'all expenditure is of a business nature'. Approval of this expense is referred to the Chief Executive Officer for a decision.
11. Should approval of expenses be denied by the Chief Executive Officer recovery of the expense shall be met by the cardholder.
12. Damaged, lost or stolen cards shall be reported immediately to the card provider and a written account of the circumstances shall be provided to the Finance Department as soon as possible.
13. Corporate Credit Cards are to be returned to the Finance Department on or before the employee's termination date with a full acquittal of expenses.

Failure to comply with any of these requirements could result in the card being withdrawn from the employee. In the event of loss or theft through negligence or failure to comply with the Douglas Shire Council Corporate Card Policy any liability arising from the use of the card may be passed to the cardholder.

The use of a Douglas Shire Council Corporate Credit Card is subject to the provisions of the Code of Conduct of Douglas Shire Council and pursuant to the *Local Government Act 2009* and the *Local Government Regulation 2012*. Serious transgression of the above listed responsibilities or the Code of Conduct may result in an appropriate referral under the Crime and Corruption Commission and/or termination of employment.

Signed: \_\_\_\_\_ (cardholder)

Date: \_\_\_\_\_ (insert date)

Witness Name: \_\_\_\_\_ (insert name)

Witness Signature: \_\_\_\_\_ (signature)

Date: \_\_\_\_\_ (insert date)

**ATTACHMENT B**

**Financial and Contractual Delegations**

- Officers may incur expenditure on behalf of Council but only if the expenditure is provided for in Council’s budget and the officer has been delegated the power to enter into contracts up to an amount not less than the amount of the expenditure proposed to be incurred.
- Each delegation to an officer of the power to enter into contracts must be approved by the Chief Executive Officer.
- The delegation is a personal delegation and lapses if the delegate is transferred or promoted to a different position to that which the delegate occupied at the time when the power was delegated to the delegate.
- Any officer incurring expenditure on behalf of Council must do so in accordance with any constraints imposed by Council or the Chief Executive Officer.

| Delegation level                    | Credit Card Transaction Limit | Credit Card Monthly Limit    |
|-------------------------------------|-------------------------------|------------------------------|
| <b>Mayor</b>                        | Up to \$2,000                 | Up to \$5,000                |
| <b>Chief Executive Officer</b>      | Up to \$5,000                 | Up to \$10,000               |
| <b>Executive Managers/ Managers</b> | Up to \$5,000                 | Up to \$10,000               |
| <b>Co-ordinator / Team Leader</b>   | Up to \$2,000 (was \$2,500)   | Up to \$10,000 (was \$5,000) |
| <b>Appropriate support staff</b>    | Up to \$2,000 (was \$500)     | Up to \$5,000 (was \$1,000)  |

**Appropriate support staff:** Are those positions which may or may not supervise staff, but may need financial and contractual delegation to meet positional requirements as approved by Managers.