

2.1.8 Corporate Credit Card

Type:	Corporate Services – Financial Management
Legislation:	Local Government Act 1995 Local Government (Administration) Regulations 1996 Local Government (Functions and General) Regulations 1996
Delegation:	
Other Related Document:	Purchasing Policy 2.1.3 Supplier Payments Policy 2.1.6 Corporate Credit Card Procedures (PRO2.1.8) Request to use Town Credit Card Credit Card Acquittal

Policy Statement

This Policy, which is **mandatory**, allows the CEO to pay for expenditure, incurred in carrying out the ordinary course of business for the Town of East Fremantle, via the use of a Corporate Credit Card.

Policy Scope

This Corporate Credit Card Policy outlines the manner in which the corporate credit card can be used and provides clear guidance and responsibilities of the card users and ensures protection of the Town of East Fremantle's funds. This policy should be read in conjunction with section 6.5 of the *Local Government Act 1995* and *Local Government (Financial Management) Regulations 1996*, specifically:

- regulation 5, which specifies the CEO's duties as to financial management
- regulation 11, which specifies that procedures are to be made for the correct authorisation and payment of accounts, and
- regulation 13, which specifies that a list of payments made is required to be presented at ordinary council meetings.

Local Government (Functions and General) Regulations 1996 are also complied with in relation to adhering to the Town of East Fremantle's Purchasing Policy (*Regulation 11A*).

A purchase order is not required when a corporate credit card is used. However, in order to adhere to the *Local Government Act and Regulations*, a *Request to Use Town Credit Card* form must be completed by staff members who are not cardholders. This form ensures that the expenditure is duly authorised, that a valid tax invoice is obtained, is within budget and the nominated general ledger account to be charged is correct. A reason must also be given as to why a purchase order has not been raised.

As the cardholders are part of the Executive Management Team of the Town of East Fremantle, and individual credit card limits are below their delegated purchasing authority limits, expenditure incurred via credit card is therefore in accordance with appropriate delegated authority.

Each month the cardholder is required to prepare a *Credit Card Acquittal* form. The acquittal ensures that the expenditure is duly authorised, valid tax invoices/receipts are attached, is within budget and the nominated general ledger account to be charged is correct.

Each month a listing of payments made via Corporate Credit Cards is required to be presented to Council for approval.

Policy

Eligibility

The provision of a Corporate Credit Card is a facility offered by Council to Management occupying certain positions which must be authorised by the CEO.

If a staff member is not an authorised cardholder and requires the use of a Corporate Credit Card for purchasing purposes, the staff member on approval from their Manager is required to complete a *Request to Use Town Credit Card* form, (held with the Finance Officer or Customer Service Officer) which includes showing the applicable general ledger account and IE code of the purchase. Once completed, the staff member must obtain the signature of the credit cardholder. Once authorised, the staff member can complete the purchase.

Guidelines for credit card usage

- The card must be used for Council business expenditure only. The monthly limit assigned to each card holder is \$5,000 and the card holder must ensure there are sufficient funds in the budget prior to usage;
- The card must not be used for personal use;
- The card must not be used for the withdrawal of cash through any facility, whether it is a Bank, ATM or EFTPOS facility;
- The card must not be used by officers' other than the cardholder, unless the cardholder has given prior approval on the Credit Card Request form, held by the Finance Officer;
- The card must not be used for fuel purchases in instances where the cardholder has a Fuel Card facility available;
- The cardholder must obtain all tax invoices and/or receipts from the Creditor and maintain any other records of their transactions to facilitate the reconciliation and costing of transactions for that card. These invoices/receipts must be handed to the Finance Officer as soon as they are received from the Creditor;
- The cardholder must practice due diligence and strict care to maintain the security of their card, ensuring that it is kept in their possession at all times;
- The card must be returned to the Manager Finance and Administration, prior to leave periods in excess of four weeks. The card must also be returned if the cardholder is reassigned to a new position where the use is not required or where their employment is terminated;
- Cards must not be used to obtain personal rewards such as frequent flyer points or any other rewards, including flight point awards;
- The card shall not be used for payment of fines, for example a parking or a speeding offence which was incurred whilst on Council business;
- No direct debits are to be utilised;
- The card should only be used in limited circumstances when a Creditor will not accept payment via EFT or cheque, otherwise a purchase order must be raised and the Creditor paid in accordance with the Towns Supplier Payments Policy.
- The card is permitted to be used when payment is expected COD.
- No "tips" shall be paid using a Corporate Credit Card.

Where an inappropriate expense occurs

Where an inappropriate expenditure occurs, the value of the expenditure shall be recovered from the cardholder. Should there be an accidental contravention, the Manager of Finance and Administration is to be notified and the Council reimbursed immediately.

Formal acknowledgement of procedure conditions

Managers issued with Corporate Credit Cards are in a position of trust with regard to the use of public funds. Improper use of that trust may render the cardholder liable to disciplinary action, legal action or criminal prosecution.

All Corporate Credit Card holders are to acknowledge receipt of their corporate credit card by signing a *Corporate Credit Card Acknowledgment and Conditions of Use* form (attachment A).

All Corporate Credit Cards issued will be recorded on the Credit Card holders Personnel file. (Human Resources)

Cardholder responsibilities

Cardholders are required to abide by the Town's internal procedures as follows:

- The Corporate Credit Card must be signed with the card holder's signature immediately upon receipt;
- Card holders are to ensure that the proposed transactions will not cause the credit limit to be exceeded;
- A compliant Tax Invoice/receipt must be obtained for all purchases and lodged with the Finance Officer;
- Should a cardholder fail to obtain a Tax Invoice, they must make all reasonable attempts to obtain a copy. If they cannot obtain a copy, the cardholder will be required to immediately lodge a written explanation advising as to the reason;
- Tax invoices must be authorised with a Council stamp showing the general ledger account number, IE code, description of the purchase and the card holder's signature; and
- The banks Credit Card Monthly Statements will be issued to the cardholders for review and signatory (must be returned within one business day) and for approval by the CEO.

Each month the cardholder is required to prepare a *Credit Card Acquittal* form. The acquittal ensures that the expenditure is duly authorised, valid tax invoices/receipts are attached, is within budget and the nominated general ledger account to be charged is correct.

Repeat failure to acquit monthly statements in a timely manner may result in the Corporate Credit Card being cancelled.

Where cardholders fail to fulfil the above requirements, the CEO may cancel the card and revoke purchasing delegations.

Procedure for lost, stolen or damaged cards

Cardholders are personally responsible and accountable for the safe custody of the issued card. Cardholders must:

- keep the Corporate Credit Card with them at all times. This will ensure the card is secure at all times to safeguard against theft or loss;
- report the loss or theft of a card to the supplying bank immediately in accordance with the bank's terms and conditions, and notify the Manager Finance and Administration;
- not disclose or carry with the card any PIN that has been issued with the card.

Procedures for cessation of employment

Upon cessation of employment with the Town, the card holder must ensure that:

- all outstanding transactions are cleared and properly accounted for;
- the card is returned to the Manager Finance and Administration for cancellation and destruction; and
- sign off the return of the Credit Card from Human Resources.

Duties of the Finance Officer

The Finance Officer is responsible for the data entry of corporate credit card transactions into the finance system and checks the validity of all tax invoices attached to ensure that they are in accordance with ATO requirements.

Payment of Credit Card Balance

On a monthly basis the Commonwealth Bank draws on the Town's General Municipal Account to pay for the balance outstanding on the Corporate Credit Card.

Monthly Council Meetings - submission of payments made via credit card

Each month the Finance Officer prepares a listing of payments made by the Town of East Fremantle via credit card. The listing is reviewed by the Manager Finance & Administration and Executive Manager Corporate and Community Service and presented to Council for approval.

Record Keeping

On completion of monthly processing the Finance Officer attaches the invoices to the Credit Card Acquittal form and Credit Card Statement and files the batches sequentially in folders stored securely.

Consequences of Breaching this Policy

The policy constitutes a lawful instruction to staff members involved in administering corporate credit card transactions. Any breaches of the policy may lead to disciplinary action.

Variation to this Policy

This policy may be varied from time to time. All the organisation's employees will be notified of any variation to this policy by the normal correspondence method.

Responsible Directorate:	Finance and Administration
Reviewing Officer:	Executive Manager Corporate Services
Decision making Authority:	Council
Policy Adopted:	19/03/19
Policy Amended/Reviewed:	17/9/19
Next Review Date:	4.3.6

ATTACHMENT A

Corporate Credit Card Acknowledgment and Conditions of Use

To the CEO

I.....(position).....

acknowledge receipt of a Town of East Fremantle Corporate Credit Card and acknowledge that:

1. I am aware of my responsibilities and duties as a Corporate Credit Card holder;
2. I will only use the Corporate Credit Card within the approved financial limits and for approved purposes;
3. I am aware that transactions made with the card are subject to authorisation and audit procedures;
4. I will reimburse the Town of East Fremantle for the cost of purchases that are deemed not for the use of the Town, or Town related business;
5. I will keep the card safe from unauthorised use at all times;
6. I will return the card to the Manager of Administration and Finance:
 - (i) on request of the CEO;
 - (ii) if required by the CEO, prior to my assuming duties in another position within the Town of East Fremantle; or
 - (iii) on termination of employment with the Town of East Fremantle;
 - (iv) once it has been deemed by the CEO that I no longer require a Corporate Credit Card.
7. I will advise the Manager Administration and Finance and the Commonwealth Bank immediately if the Corporate Credit Card has been lost, mislaid, stolen or misused;
8. I am aware that when no documentation is available to support a particular transaction, I will provide a written explanation detailing the reason and detail the nature of the expense. I will also acknowledge that the expense is business related and also show the general ledger account and IE code for the purchase;
9. I will not use the Corporate Credit Card for any personal or private use;
10. I will not use the Corporate Credit Card to obtain cash;
11. I will not use the Corporate Credit Card for the purchase of fuel when I have been provided with a fuel card;
12. The card should only be used when a Creditor will not accept payment via EFT or cheque. It is to be used when payment is expected COD;
13. No direct debits are to be utilised.

Corporate Card holder's Signature.....

Date.....

CEO Signature.....Date.....

CORPORATE CREDIT CARD USE PROCEDURE (PRO2.1.8)

1.0 OBJECTIVE

This procedure aims to create a sound framework for the use of Corporate Credit Cards and provides clear guidance and responsibilities of the card users and ensures protection of the Town's funds.

2.0 RELATED POLICIES

- Purchasing Policy (No 2.1.3)
- Corporate Credit Card Policy (No 2.1.8)

3.0 ELIGIBILITY

The provision of a Corporate Credit Card is a facility offered by Council to Management occupying certain positions which must be authorised by the CEO.

If you are not an authorised cardholder and require the use of a Corporate Credit Card for purchasing purposes, please advise your Manager and complete a Credit Card Request form, (held with the Finance Officer) which includes showing the applicable general ledger account and IE code of the purchase. Once completed, you must obtain the signature of the credit card holder of which you are using. Once authorised, you can complete the purchase.

4.0 GUIDELINES FOR CREDIT CARD USAGE

- The card must be used for Council business expenditure only. The monthly limit assigned to each card holder is \$5,000 and the card holder must ensure there are sufficient funds in the budget prior to usage;
- The card must not be used for personal use;
- The card must not be used for the withdrawal of cash through any facility, whether it is a Bank, ATM or EFTPOS facility;
- The card must not be used by officers' other than the cardholder, unless the cardholder has given prior approval on the Credit Card Request form, held by the Finance Officer;
- The card must not be used for fuel purchases in instances where the cardholder has a Fuel Card facility available;
- The cardholder must obtain all tax invoices and/or receipts from the Creditor and maintain any other records of their transactions to facilitate the reconciliation and costing of transactions for that card. These invoices/receipts must be handed to the Finance Officer as soon as they are received from the Creditor;
- The cardholder must practice due diligence and strict care to maintain the security of their card, ensuring that is kept in their possession at all times;
- The card must be returned to the Manager Administration and Finance, prior to leave periods in excess of four weeks. The card must also be returned if the cardholder is reassigned to a new position where the use is not required or where their employment is terminated;
- Cards must not be used to obtain personal rewards such as frequent flyer points or any other rewards, including flight point awards;
- The card shall not be used for payment of fines, for example a parking or a speeding offence which was incurred whilst on Council business;
- No direct debits are to be utilised;

- The card should only be used when the Creditor will not accept payment via EFT or cheque. It is to be used when payment is expected COD.
- No “tips” shall be paid using a Corporate Credit Card.

4.1 Where an Inappropriate Expense Occurs

Where an inappropriate expenditure occurs, the value of the expenditure shall be recovered from the card holder. Should there be an accidental contravention, the Manager of Administration and Finance is to be notified and the Council reimbursed immediately.

5.0 FORMAL ACKNOWLEDGEMENT OF PROCEDURE CONDITIONS

Managers’ issued with Corporate Credit Cards are in a position of trust with regard to the use of public funds. Improper use of that trust may render the cardholder liable to disciplinary action, legal action or criminal prosecution. All Corporate Credit Card holders are to acknowledge receipt of the Corporate Credit Card and instructions for use. The acknowledgement will include a signed agreement to abide by all Town of East Fremantle card supplier guidelines including conditions of use (attachment A).

All Corporate Credit Cards issued will be recorded on the Credit Card holders Personnel file. (Human Resources)

6.0 CARD HOLDER RESPONSIBILITIES

Card holders are required to abide by the Town’s internal procedures as follows:

- The Corporate Credit Card must be signed with the card holder’s signature immediately upon receipt;
- Card holders are to ensure that the proposed transactions will not cause the credit limit to be exceeded;
- A compliant Tax Invoice/receipt must be obtained for all purchases and lodged with the Finance Officer;
- Should a card holder fail to obtain a Tax Invoice, they must make all reasonable attempts to obtain a copy. If they cannot obtain a copy, the cardholder will be required to immediately lodge a written explanation advising as to the reason;
- Tax invoices must be authorised with a Council stamp showing the general ledger account number, IE code, description of the purchase and the card holder’s signature; and
- The banks Credit Card Monthly Statements will be issued to the card holders for review and signatory (must be returned within one business day) and also approval by the CEO.

As part of the acquittal process (as per above), the card holder is to certify that all charges shown are correct. Repeat failure to acquit monthly statements in a timely manner may result in the Corporate Credit Card being cancelled.

Where card holders fail to fulfil the above requirements, the CEO may cancel the card and revoke purchasing delegations

7.0 PROCEDURE FOR LOST, STOLEN OR DAMAGED CARDS

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

- keep the Corporate Credit Card with them at all times. This will ensure the card is secure at all times to safeguard against theft or loss;
- report the loss or theft of a card to the supplying bank immediately in accordance with the

bank's terms and conditions, and notify the Manager Administration and Finance;

- not disclose or carry with the card any PIN that has been issued with the card.

8.0 PROCEDURES FOR CESSATION OF EMPLOYMENT

Upon cessation of employment with the Town, the card holder must ensure that:

- all outstanding transactions are cleared and properly accounted for;
- the card is returned to the Manager Administration and Finance for cancellation and destruction; and
- sign off the return of the Credit Card from Human Resources.