2.10 CORPORATE CREDIT CARDS

Objective:			
Date of adoption:	18 September 2014	*Minute No.*	140904
Date of amendment:	20 May 2021	*Minute No:*	210510
Date of last review:	20 May 2021		
Legislative References:	*Local Government Act 1995* *Local Government (Financial Management) Regulations 1996 r11(1)(a)*		
Internal References:	Management Practice 4.2 – Employee Corporate Credit Cards Policy 3.1 Purchasing Policy		

POLICY STATEMENT

Corporate credit cards can deliver significant benefits through improved administrative practices and more effective cash management. They can, however, also expose a local government to significant risks if not properly controlled. These risks can be minimised by implementing policies to control their use. Credit cards can be a more efficient purchasing method than that of formal methods in some circumstances. It can reduce administration costs, and the need to carry cash.

It is important to have a communication strategy that informs new employees and reminds existing employees of the policies that govern the use of credit cards.

Advantages of Corporate Credit Cards

When used correctly, a credit card can –

(a) eliminate or reduce time spent on paper based ordering and payments;

(b) reduce administrative costs;

(c) reduce the number of payments made per month;

(d) provide a useful resource in remote and emergency situations;

(e) reduce the need to carry cash on the premises; and

(f) provide an effective audit trail of expenditure.

LEGISLATION

The use of credit cards is not specifically mentioned in the *Local Government Act 1995*, however the following sections of the Act impact the use and control of corporate credit cards –

(a) Section 2.72(2) (a) and (b) requires the Council to oversee the allocation of the local governments finances and resources and to determine the policies of the local government.

(b) Section 6.5(a) requires the CEO to ensure proper accounts and records of the transactions and affairs of the local government are kept in accordance with regulations.

Local Government (Financial Management) Regulations 1996 r11(1)(a) requires local governments to develop procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for, and properly authorised use of cheques, credit cards, computer encryption devices and passwords, purchasing cards and any other devices or methods by which goods, services, money or other benefits may be obtained.

The *Local Government Act 1995* does not allow for the issue of Corporate Credit Cards to elected members. There are no provisions within the Act which allow an elected member to incur a debt, as would be the case with a credit card.

Policies and Procedures Governing the Use of Corporate Credit Cards

Management Practice 4.2 – Employee Corporate Credit Cards provides guidance for the use of corporate credit cards by the CEO, Managers and Governance and Executive Assistant; and authorises the CEO to establish procedures controlling the use of credit cards.

GENERAL

Corporate Credit Cards shall only be issued to the Chief Executive Officer, Managers and the Governance and Executive Assistant.

(a) Each officer shall sign an agreement which sets out the card holders responsibilities and legal obligations when using the credit card –

(b) a register of all current cardholders shall be kept which includes card number, expiry date of the credit card, credit limit and details of goods and services the cardholder has authority to purchase;

(c) in the event of their employment ceasing, the cardholder is to return the credit card for destruction;

(d) if a card is lost or misplaced the cardholder shall notify the Chief Executive Officer immediately to enable the loss to be reported and to arrange a replacement card;

(e) credit cards should never be transferred to other users;

(f) any reward schemes such as Fly Buys will be to the benefit of the Council and not the employee;

(g) what action is to be taken in the event that a cardholder fails to comply with this policy.

PURCHASING

(a) corporate credit cards are only to be used for purchasing goods and services on behalf of the local government which have been authorised in the current annual budget;

(b) card holders should ensure that suppliers record an adequate description of goods or services on the tax invoice to ensure appropriate levels of accountability. Appropriate documentation should be obtained to ensure that the purchase can be verified to the satisfaction of the CEO. Wherever possible, a tax invoice must be obtained;

(c) cardholders must adhere to 3.1 Purchasing Policy;

(d) personal expenditure is prohibited;

(e) under no circumstances shall a Corporate Credit Card be used for cash withdrawals;

(f) all corporate credit cards issued shall have a maximum limit of $5,000;

(g) where a cardholder undertakes purchases by way of facsimile, telephone or over the internet a tax invoice or receipt is required in all circumstances and must contain details of the purchase;

(h) all invoices/receipts must be provided to the Rates/Finance Officer as soon as practicable after the credit card purchase is made.

PAYMENTS

(a) on receipt of the monthly statement, the Rates/Finance Officer will attach all invoices/receipts to the statement and assign GL/Job number allocations;

(b) the monthly credit card statement will be distributed to the respective cardholder to certify transactions;

(c) the monthly balance for each credit card will be recouped by direct debit from the Municipal Fund on the statement due date.

AUSTRALIAN BUSINESS NUMBER (ABN)

Cardholders should remember that if a supplier does not have an ABN and Pay As You Go tax has not been withheld on the credit card statement, the local government is still liable to pay the corporate credit card provider the full amount and also the ATO, prevailing ABN Withholding Tax Rate (46.5% as at 1 July 2014) of the purchase price.

GUIDELINES FOR USE OF CORPORATE CREDIT CARDS

It is not proposed to list or describe every situation where the corporate credit card can or should be used but rather to provide general guidelines to be followed – officers should be scrupulous in the usage of corporate credit cards and always have appropriate documentation which can verify and justify the expenditure to the CEO.

Expenditure utilising the corporate credit card should, where possible, be kept to a minimum. The preferred method or purchasing goods or services is by using an official council purchase order. On occasion it is recognised that some goods cannot be purchased by order or because of circumstances (ie away from the office) it is more convenient to use the credit card.

Purchase of food, drink or other forms of entertainment should be restricted to officially sanctioned events such as –

(a) whilst travelling on council business – training, conferences etc;

(b) providing sustenance for councillors or staff;

(c) meals following council meetings;

(d) meals for emergency personnel during an emergency.