

# Credit Card Policy

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<b>Type:</b>	Council Policy
<b>Responsibility:</b>	Director Corporate Services and Office of the CEO
<b>Responsible Officer (s):</b>	Manager Financial Services and Manager Governance, HR and EM Support
<b>Initial Adopted Date:</b>	August 2000
<b>Last Review Date:</b>	Updated 26 June 2018 Updated 23 November 2021
<b>Next Review Date:</b>	4 Years - August 2025
<b>Legislation:</b>	Local Government Act 1999 (SA) Local Government (Financial Management) Regulations 2011 Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Commonwealth)
<b>Related Documents:</b>	Procurement Policy Procurement Protocol City of Prospect Delegations Register (including financial delegations) Code of Conduct for Council Employees Corporate Governance Framework Elected Members Allowance and Benefits Policy Code of Conduct for Elected Members Mobile Phones and Devices Policy Entertainment and Hospitality Policy (to be endorsed) LGA Financial Sustainability Information Paper No.18 – Financial Policies and Procedures Corporate Risk Management Policy

# 1 Purpose

City of Prospect is accountable to the community for the expenditure decisions it makes and through this Policy, Council aims at providing guidance on appropriate credit card expenditure and control; ensuring that this expenditure is reasonable, justified and approved for appropriate Council business.

The Credit Card Policy (the “Policy”) provides the governance framework and guidance to Council’s employees and the Mayor (when provision of a card to the Mayor is resolved by Council) in their use of corporate credit cards.

## 2 Legislative Requirements and Corporate Policy Context

The *Local Government Act 1999* (SA) has applicability as follows:

- 2.1 Section 125 (Internal Control Policies) of the Act requires council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records.
- 2.2 Section 127 (Financial Statements) of the Act prescribes a Council to produce annual financial statements in accordance with standards required by the regulations.
- 2.3 Section 129 (Conduct of Audit) of the Act requires an external auditor to form an opinion as to whether there is sufficient evidence providing reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law.
- 2.4 Section 137 (Expenditure of funds) of the Act gives Council the power to expend its funds in the exercise, performance or discharge of its powers, functions or duties under the Act or any other Act. Council has delegated this power, with limitations, to the Chief Executive Officer (CEO) in accordance with Section 44 of the Act and this power is further sub-delegated in accordance with Section 101 of the Act.
- 2.5 This has been further elaborated upon within *Local Government (Financial Management) Regulations 2011* (the Regulations) at Part 3 – Accounting Principles, Part 4 – Financial Statements and Part 6 – Audit clause 19(b).
- 2.6 Part 3 of the Regulations prescribes standards adopted are the Australian Accounting Standards overseen by the national peak body for accounting policies and principles, the Australian Accounting Standards Board.
- 2.7 Part 4 of the Regulation prescribes the statements are compiled according to the Model Financial Statements, according to those published by the Local Government Association (LGA) website [www.lga.sa.gov.au](http://www.lga.sa.gov.au) on an annual basis for administrative adoption.
- 2.8 In addition, the LGA has published revised Financial Sustainability Information Papers (FSIP) as part of its ongoing Financial Sustainability Program (FSP) with the aim of harmonising high-level policy positions for Council administration adoption and use.

- 2.9 The Information Papers are not statutory measures however they are considered best practice for council administrations to commit to. This policy has made particular reference to the LGA FSIP No 18 – Financial Policies and Procedures.
- 2.10 The Policy also adheres to and identifies specific provisions in the Commonwealth Anti-Money Laundering and Counter-Terrorism Financing Act 2006, primarily concerning identification of staff members in order to initiate a corporate credit card with the issuing bank.
- 2.11 Credit cards are also subject to regulations, policies and procedures from the issuing banking institution.

### **3 Interpretation**

- 3.1 For the purpose of this policy:

*Australian Business Number (ABN)* - means a registered number that identifies a supplier to the government and community. An ABN is not a Tax File Number (TFN) or an Australian Company Number (ACN).

*BPay* - a recognised form of remitting funds electronically to suppliers within Australia.

*Block Codes* – the mechanism by which the Council can limit (or block) the use of the corporate credit card at certain merchant types or stores

*Cardholder* - Council Officer or Mayor who has had a Corporate Credit card issued to them and who are responsible for and authorised to use a corporate credit card for incurring Council business expenditure.

*Card Provider* - the bank or credit provider issuing the card.

*Corporate Credit Card* - a credit card issued by the City of Prospect banking provider to a Council officer to help facilitate efficient Council procurement.

*Council* - the City of Prospect Council.

*Director Corporate Services* - the most senior person managing the finance function (and reporting to the CEO), regardless of alternative position titles that may be applied to that officer from time to time.

*Authorising Officer* - For the CEO, the Director Corporate Services. For the Mayor, the CEO. All other Cardholders, their direct report manager within their financial delegation.

*Merchant* – the supplier of a good or service (also known as vendor).

*Monthly Limit* - the cumulative credit balance that is allowed and delegated to be incurred on the Corporate Credit Card per month.

*Personal Expenses* - means any expense undertaken to receive a personal benefit and not related to work or business activities.

*Individual transaction limit* – the limitation placed on each individual transaction by the Council as part of its financial delegation controls.

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

*Tax Invoice* - A tax invoice is a designated type of invoice, which contains specified items of information that are required by the ATO for effective operation of the GST system and including an ABN, refer to *Tax Invoice – Requirements* CR17/60794.

## **4 Objectives**

- 4.1 Corporate credit cards should be recognised as a valuable tool for the efficient and effective operation of Council's daily business and not as a benefit assigned to Cardholder or to incur personal expenses.
- 4.2 Corporate credit cards are used by Council as an approved procurement method to transact its business in a more efficient manner and at the same time, provide the Cardholder with a more convenient method to meet costs they incur on Council's behalf.
- 4.3 The use of corporate credit cards is encouraged in undertaking relatively low value, high volume transactions in nature as it has a lower transactional cost when compared with processing standard supplier invoices.
- 4.4 As well as standard over the counter transactions, corporate credit cards allow the Cardholder to source goods and services from online and overseas suppliers if necessary and eliminate the need for bank drafts for such appropriate purchases.
- 4.5 Prior to using the corporate card, the Cardholder must turn their mind to the appropriateness of the expenditure, and ensure it is in line with Council's policies and justified as a genuine business expense

## **5 Corporate Card Management**

### **5.1 Delegations and Corporate Card Approval**

#### **5.1.1 The Chief Executive Officer (CEO) has delegated authority to**

- issue corporate credit cards to staff members,
- set the monthly limit of the corporate credit card holder, and
- temporarily increase the monthly limit

### **5.2 Corporate Card issuing and Cardholder Training**

- On receipt of written approval from the CEO to issue or maintain the limit of a corporate credit card the Finance team will process the request.
- Where a new corporate credit card is to be issued to a Cardholder then the issuing bank will post the credit card to the City of Prospects business address.
- On receipt of the corporate credit card Finance will meet with the Cardholder and provide training covering the requirements of this policy. On completion of this the Cardholder will sign a Corporate Credit Card Acceptance declaration, Appendix A, in so doing formally acknowledging receipt of the card and that they have received and understood the training, respective delegation limits and obligations on them.

- Each corporate credit card shall have an individual limit capping the maximum amount that can be purchased on that corporate credit card in any one (1) billing period.
- Each corporate credit card shall have an Individual Transaction Limit capping the maximum amount that can be purchased on a corporate credit card in any one (1) transaction.
- The Chief Executive Officer will impose appropriate Block Codes on each corporate card relevant to the role within the organisation of the cardholder.
- The transaction limit for any particular Account Holder shall be determined by the Chief Executive Officer and the Account Holder's division Director and shall be no greater than the officer's general financial delegation.
- Credit limits for the Chief Executive Officer's corporate credit card shall be approved by the CEO Performance Development and Review Committee (the Committee); with quarterly transactions reports to be provided to the Committee by the Manager Governance, Human Resources and EM Support.

### 5.3 Annual Review

- The Manager Finance Services will conduct an annual review of corporate credit cards listing the Cardholders, their roles and credit card limits. This will be provided to the Executive Leadership Team for noting and review.
- Notwithstanding the above the CEO will regularly review all card holders' accounts and transactions to ensure compliance with this Policy and appropriateness of the business needs for each card holder.

### 5.4 Register of card holders and limits

### 5.5 The Director Corporate Services will ensure that a register of credit cards is kept and maintained including a list of all cards issued and when, expiry dates, names and associated limits.

## 6 Terms of Use

### 6.1 General Conditions

- 6.1.1 The Cardholder must adhere to the Procurement Policy and Procurement Protocol when conducting all procurement activities on behalf of Council.
- 6.1.2 Prior to expending Council funds, Cardholders must turn their mind towards the following:
  - (a) the benefit (real or perceived) gained by the public from the expenditure,
  - (b) the public's expectations of government agencies,
  - (c) the appropriateness of the amount of the expenditure,
  - (d) the merits of an alternative method of procurement, and

(e) whether the expenditure was reasonably necessary for the carrying out of the council's functions.

- 6.1.3 The Cardholder may only enter into transactions on behalf of Council that fall within their financial delegation, as outlined in the Procurement Protocols.
- 6.1.4 The Cardholder is responsible for Corporate Credit Card and all transactions incurred on it. The Cardholder must be party to all transactions incurred on their card. Corporate Credit cards are not to be used across business units / portfolios for purchasing of items outside the respective Director's area of responsibility. In addition corporate credit cards are only to be used by the stipulated Cardholder and not shared amongst staff or for use by any other employee.
- 6.1.5 The corporate credit card may be used for face to face transactions, payments over the telephone or via the internet directly for Council related procurement. The Cardholder must consider the security of each transaction and take reasonable steps to ensure they transact in a secure manner.
- 6.1.6 Corporate credit card purchases for group functions such as meetings with an entertainment element, i.e. business lunch or dinner meetings, the most senior credit card Account Holder present must pay. This expenditure must comply with any relevant Entertainment and Hospitality Policy. Purchases on the corporate credit card are to be made in accordance with Councils related policies, in particular the Procurement Policy as above and any related Entertainment and Hospitality Policy that may be in place.
- 6.1.7 Alcohol – the purchase of alcohol must be approved by the CEO **before** such expenditure occurs and only in accordance with any approved Entertainment and Hospitality Policy. A copy of this prior written approval must be retained and provided with the related monthly statement reconciliation documentation. In an emergency situation at short notice and where unexpected purchases are required for a civic or official council event (e.g. an event where members of the community are in attendance / have been invited of for a formal council event (not limited to events run by the Arts and Events officers) the card will be permitted to be used to purchase alcohol.
- However, following such an event the CEO should be notified in writing of the circumstances, and a copy of this notification (and any reply) must be retained and provided with the related monthly statement reconciliation documentation. Alcohol is not to be procured on corporate credit cards for any 'in house' (internal / solely staff) gatherings or events.
- 6.1.8 Fuel – The use of a corporate credit card for the purchase of fuel is not permitted, except in an emergency situation when operating a council owned vehicle only.
- 6.1.9 Flights / travel – If corporate credit cards are used for travel / flight / accommodation bookings the lowest possible fare should be considered (balanced against flights timings from a health and safety perspective) unless approved by the CEO for reasonable business purposes.



- 6.1.10 Elected Member requests will not be processed through corporate credit cards other than for authorised training purposes (aside from the Mayor's credit card which if provided which has an approval mechanism in place). All other requests by Elected Members will be funded individually by each Elected Member and then considered for reimbursement in accordance with the Allowances and Benefits Policy (unless otherwise resolved by Council).
- 6.1.11 The use of a corporate credit card for the payment of expenses where an allowance or reimbursement has been obtained (through per diems or the like if approved) is not permitted.
- 6.1.12 Training / Courses – the use of a corporate credit card for training / conferences / courses must not occur unless approved by the Manager Governance, HR and EM support and the appropriate HR documentation seeking permission for the course has been approved.

## 6.2 Restricted Transactions

### 6.2.1 Multiple Supply / Repeat Transactions

- (a) Transactions should be for a single supply in nature, the Merchant supplies a good or service and the card is used to pay for the supply. Cardholders are not permitted to split the purchase into multiple lesser amounts in order to circumvent corporate credit card transaction limits (unless an exemption from the CEO exists).
- (b) Should the Cardholder wish to enter into a transaction for multiple deliveries or one whereby the Merchant might seek to re-transact on the card at a later time, then the Cardholder must consult with the Manager Financial Services prior to entering the transaction. This is to ensure control of expenditure over the card is retained. Card details are not to be stored on a website or with an internet merchant provider at any time (unless an exemption approved by the CEO exists).

Should such a transaction occur without prior approval from the Manager Financial Services, Finance will try to establish such control of expenditure by contacting the merchant and staff member for further explanation. If this is not possible then the Manager Financial Services will decide when it becomes necessary to cancel that card and order a replacement.

- (c) The use of a corporate credit card to pay tips / gratuities / extra non-mandated service charges is not permitted.

### 6.2.2 Personal Expenditure

- (a) Personal expenditure (use of card for personal expenses) is strictly prohibited on the corporate credit card.

If by unintentional causes, personal expenses are incurred, the staff member will be personally liable to reimburse Council for those transactions as soon as practical; ideally within a 7 day period.



- (b) Should a Cardholder incur personal expenses more than three times then their Corporate Credit Card may be cancelled. All personal use will be reported to the CEO or Director Corporate Services. In the case of the CEO's card a copy will be provided to the Manager Governance, HR and EM Support for record keeping purposes and will be reported to the CEO Performance Development Review Committee.
- (c) Repeated personal expenditure charged by a Cardholder to their Council Card will be treated as a serious breach of this policy, subject to applicable Human Resource policies and the relevant Code of Conduct.
- (d) The Manager Financial Services can request authority from the CEO to cancel a corporate credit card at any time. This may arise in situations of misuse either by the Cardholder, a third party or if the Cardholder is repeatedly not reconciling the card balance as per section 7 of this policy, *Verification and Reconciliation*. In the case of the CEOs card this authority to cancel rests with the CEO Performance Management Committee or Council as appropriate.

#### 6.2.3 Purchase of IT Software or Hardware

- (a) Prior approval from the Manager Information Services must be obtained prior to purchasing IT hardware. No ICT software is to be purchased or introduced into the corporate ICT environment by any other staff member other than the ICT team under the direction of the Manager – Information Services.

#### 6.2.4 Mayor's Corporate Credit Card

- (a) The provision for a corporate credit card for the Mayor is outlined in the Elected Members Allowance and Benefits Policy which is subject to review after each periodic election or at the discretion of Council.
- (b) During the caretaker period the Mayor's corporate credit card will be disabled and handed in to the Office of the CEO.
- (c) Following each periodic election Council will review the corporate credit card facility available to the Mayor (and applicable limits) for that term of Council.
- (d) The CEO will approve the Mayor's credit card expenditure.

### 6.3 Card Configuration and Usage

- 6.3.1 Cash advances are strictly prohibited on the corporate credit card.
- 6.3.2 BPay facilities are not available on the corporate credit card.
- 6.3.3 Corporate Credit Cards cannot be linked to any form of loyalty points or rewards program.
- 6.3.4 Corporate credit cards may only be used in conjunction with mobile phone wallet facilities such as Apple Pay and Android Pay where the mobile phone is also a City of Prospect issued device.

6.3.5 If the Cardholder requires to take the Corporate Credit Card overseas for business reasons, then they must seek approval from the CEO prior to travel.

#### 6.4 Transaction Substantiation

A Tax Invoice is required to support each transaction incurred. This may not be provided as a matter of course by all suppliers and the card holder will need to request it at the time of transaction.

An EFTPOS receipt is not a valid tax invoice.

#### 6.5 Statutory Declaration

For some transactions, a valid Tax Invoice may not always be available, notably if the supplier is not an Australian resident. Consultation with the Finance department is required if difficulties are experienced in obtaining a valid tax invoice. Where a valid tax cannot be obtained then a Statutory Declaration needs to be completed by the Cardholder, see Appendix B.

## 7 Verification and Reconciliation

7.1 The Cardholder is responsible for reconciling and coding each transaction they have incurred. All transactions must be supported with either a valid tax invoice, or Statutory Declaration.

7.2 Transactions can either be completed as they are incurred or on a monthly basis.

7.3 Where an expense management system or any other system offers fields for collecting Fringe Benefits Tax (FBT) information and the transaction is subject to FBT, cardholders are required to provide details for FBT purposes. Advice from finance should be sought as needed. At a minimum, each transaction should identify how many employees and non employees were present when FBT related transactions occur.

7.4 Once the Cardholder has completed the reconciliation, they are submitted to their Authorising Officer to seek authorisation for the expenditure.

7.5 The Authorising Officer must verify each coded transaction expense on the reconciliation system OR expense management system and turn their mind to the appropriateness of each transaction, to ensure it is in line with Council's relevant policies and justified as a genuine business expense before approving. An expense not adequately justified will need to be repaid by the cardholder.

7.6 Through the submission of a reconciliation for any item / transaction declaration within the reconciliation system / process the card holder is stating that they have complied with their responsibilities in line with this Policy and other relevant Council policies and that public funds have been appropriately incurred and/or approved.

7.7 This reconciliation should be completed for all transactions incurred in the prior month within a period of 10 business days following the start of the next month, acknowledging that there may be occasions where further information may be sought or a dispute lodged.

- 7.8 The Authorising Officer will check the reconciliation and supporting documentation for accuracy and if there are no errors they shall authorise the transactions, this will be done giving consideration to this policy, the Procurement Policy and other relevant policies.
- 7.9 This authorisation process should be completed within 5 further business days.
- 7.10 If there is any reason why either the reconciliation process or authorisation process is expected to take longer than the prescribed time, the Finance Department is to be advised.
- 7.11 All transactions will be processed into the finance system by Finance on a monthly basis. Any unreconciled expenditure will be posted to a Finance department holding account. Finance will monitor the status of any unreconciled amounts after this 15 business day period has elapsed and follow up with the Cardholders.

## **8 Disputed or Unverified Transactions**

- 8.1 Should the Cardholder become aware that their Corporate credit card is incurring transactions they are not aware of, they need to communicate this with the Manager Financial Services and/or Finance as soon as identified. As a matter of precaution, the corporate credit card will have a temporary stop placed on it until such a time that the matter is resolved.

Should the Cardholder become aware of the situation outside of normal business hours, they are responsible to contact the Card Provider and request that a temporary stop be placed on their card.

- 8.2 When such a transaction appears on their statement, the Cardholder should notify Finance whom will communicate with the Card Provider to resolve the issue.

## **9 Lost or Stolen Cards**

- 9.1 Should the Cardholder become aware that they have lost or had their card stolen then they are required to notify the Card Issuer as soon as reasonably possible. Thereafter they should notify the Manager Financial Services during normal work hours at the next possible opportunity. A replacement card will be arranged by Finance.

## **10 Replacement Cards**

- 10.1 Should a corporate credit card need to be replaced for whatever reason, it will be re-issued in the same way as the original issue.

## **11 Cessation of Employment/Entitlement**

- 11.1 The Cardholder will return their Corporate Credit Card to Finance prior to cessation of employment. They also need to ensure that their reconciliations are also completed by this time. This will be verified by HR during the exit interview.
- 11.2 The Mayor's Credit Card will be returned to the Chief Executive Officer at the end of their Elected Term and during any caretaker period.

- 11.3 During a period of extended leave or a leave of absence the Cardholder will return their card to Finance for safe storage and no purchases are permitted on the card in their absence, with the exception of existing online subscriptions or ongoing service provisions agreed to by the CEO prior to their leave commencing, e.g. pre-existing online subscriptions / marketing to ensure business continuity). For the purposes of this clause extended leave is defined as leave of more than one month but less than two months. However, any leave for a period in excess of two months will require these recurring transactions to be transferred to new card.

## **12 Review**

- 12.1 This Policy will be reviewed once per Council term (every four years) or as required by legislation.

## **13 Access to the Policy**

- 13.1 The Policy is available for public inspection on Council's website [www.prospect.sa.gov.au](http://www.prospect.sa.gov.au) and from Customer Services at the Civic Centre, 126 Prospect Road, Prospect SA 5082.

# Appendix A

## CORPORATE CREDIT CARD ACCOUNT HOLDER AGREEMENT

Account Holder Name: .....

Position: .....

Department: .....

Card Number (last 4 digits): \_\_\_\_ Expiry: \_\_ / \_\_

I acknowledge that I am solely responsible for the use and expenditure incurred on the above issued Corporate Credit Card, and:

[ ] I have read and agree to comply with all of the following requirements of the following:

- Corporate Credit Card Policy
- Procurement Policy
- Entertainment and Hospitality Policy (to be endorsed)

[ ] I acknowledge that my use of the Corporate Credit Card must be within the delegated credit limits given to me and any expenditure on the credit card shall be for Council business activities only.

[ ] I undertake to keep the Corporate Credit Card and PIN safe from unauthorised use at all times.

[ ] I agree to return the Corporate Credit Card on cessation of my employment, or if requested by the Manager Finance Services.

[ ] I understand that if I misuse the Corporate Credit Card or breach the above compliance documents, it may result in forfeiture of the Corporate Credit Card and disciplinary action being taken, including termination of employment and commencement of legal proceedings.

[ ] I acknowledge my maximum monthly credit limit is \$\_\_\_\_\_.

[ ] I undertake to notify the following parties if the Corporate Credit Card has been lost or stolen:

- The Manager Financial Services, at the next possible opportunity.
- The Card Issuer, as soon as reasonably possible.

\_\_\_\_\_  
Account Holder's signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
WITNESS – print name & title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Finance Business Partner

\_\_\_\_\_  
Date

## Appendix B

### STATUTORY DECLARATION

State of South Australia - *Oaths Act 1936*

I, [full name] \_\_\_\_\_

of, [address] \_\_\_\_\_

**do solemnly and sincerely declare that,**

I, [insert name and title] \_\_\_\_\_,

declare that a purchase from, [insert merchant name]

for the purpose of [explain the reason for the purchase and provide adequate justification of why it was deemed a business expense]

was made on my City of Prospect Corporate Credit Card on [insert date] \_\_\_\_\_  
for [insert total amount] \$ \_\_\_\_\_.

I purchased the following items/service/s [insert details of items/service/s purchased]

**I declare** I have misplaced/lost the tax receipt/invoice, and confirm the purchase made related to a reasonable business expense for the City of Prospect. I have attempted to replace the tax receipt/invoice with no success.

**And I / We make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the *Oaths Act 1936*.**

Declared at \_\_\_\_\_ in the State of South Australia this,

\_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**Before me,**

\_\_\_\_\_  
Signature or authorised witness

\_\_\_\_\_  
Signature of person making this declaration

[to be signed in front of an authorised witness]