

Shire of Plantagenet – Corporate Credit Card Policy

Policy Objective

To provide the Shire of Plantagenet (the Shire) Chief Executive Officer with a framework of principles to guide the use and management of Corporate Credit Cards.

The policy aims to:

- ensure efficient and effective procurement and payment operations;
 - minimise the risk of misuse, fraudulent or corrupt use;
 - define allowable and prohibited uses;
 - define management and oversight obligations; and
 - define Cardholder duty of care and responsible use obligations.
-

Policy Statement

This policy provides a framework to guide the Chief Executive Officer when fulfilling their statutory duties for establishing and implementing appropriate systems and procedures for incurring expenditure and making payments specific to Corporate Credit Cards.

The policy contributes to the Shire meeting its obligations under the *Local Government Act 1995* and the *Local Government (Financial Management) Regulations 1996*.

It also reflects the Shire's commitment to organisational excellence and upholding the principles of transparency, probity and good governance, and interacts with and complements the Shire's broader procurement operating environment.

1 Definitions

Cardholder means an employee who has been authorised by the CEO to incur expenditure by means of a Corporate Credit Card.

Corporate Credit Card means a card approved for use in lieu of cash transactions, to incur expenditure for goods and services for the purposes of the Shire of Plantagenet business activities only in accordance with relevant Shire of Plantagenet Policies.

2 Management Oversight and Reporting

2.1 Legislation

- (1) Section 6.5(a) of the *Local Government Act 1995* prescribes the Chief Executive Officer's (CEO) duty to ensure that proper accounts and records of the transactions and affairs of the Local Government are kept in accordance with regulations.
- (2) The *Local Government (Financial Management) Regulations 1996* prescribe:
 - a. Regulation 5, the Chief Executive Officer's duties to ensure efficient systems and procedures are established for the proper authorisation of incurring of liabilities and the making of payments.
 - b. Regulation 11(1)(a) and (2) of the requires Local Government to develop procedures that ensure effective security for the authorisation and payment of accounts and for the authorised use of payment methods, including credit cards.

2.2 Determining When Corporate Credit Cards are Appropriate

- (1) Corporate Credit Card may be implemented and maintained where the card provides benefit to the Shire's operations by ensuring:
 - a. goods and services can be obtained in a timely and efficient manner to meet the business needs of the Shire;
 - b. financial management and accounting standards are met; and
 - c. purchasing and payment functions are secure, efficient and effective.
- (2) Corporate Credit Card providers will only be acceptable where, in the opinion of the CEO, they:
 - a. provide appropriate and sufficient statement, administration and acquittal controls that enable the Shire to sufficiently administer the facility; and
 - b. provide the Shire with protection and indemnification from fraudulent unauthorised transactions.

2.3 Management Oversight

The Chief Executive Officer shall determine and implement systems and procedures adequate to ensure:

- a. assessment and selection of Corporate Credit Cards suitable to the efficient and effective operations of the Shire of Plantagenet;
- b. authorisation and appointment of suitably eligible Cardholders;
- c. Cardholder duties and responsibilities are documented and Cardholders provided with training; and
- d. monitoring and auditing of Corporate Credit Card activities is planned and reported.

2.4 Reporting

The CEO will ensure that acquitted transaction statements for each Corporate Credit Card are provided to Council as part of the monthly financial reporting regime.

2.5 Misuse, Misconduct and Fraudulent Use

Any alleged misuse of Corporate Credit Cards will be investigated and may be subject to disciplinary procedures.

Where there is reasonable suspicion of misconduct or fraudulent activity arising from Corporate Credit Cards the matter will be reported to the appropriate regulatory agency, subject to the requirements of the *Public Sector Management Act 1994* and the *Corruption, Crime and Misconduct Act 2003*.

2.6 Principles for Corporate Credit Card Usage

2.6.1 Allowable Transactions

- (1) Corporate Credit Cards may only be used under the following circumstances:
 - a. The expenditure is directly arising from a Shire operational business activity for which there is an Annual Budget provision.
 - b. The expenditure is in accordance with legislation, the Shire's Purchasing Policy, Code of Conduct and any conditions or limitations applicable to the individual Cardholder.
 - c. The procurement of the required goods or services is impractical or inefficient if undertaken via a purchase order or is not able to be obtained other than by a Corporate Credit Card.
 - d. Supplier surcharges (fees) on transactions are minimised and only allowable where the alternative method of obtaining the supply (i.e. by purchase order) is more onerous, not cost effective or there is no alternative mode of supply.
 - e. Hospitality expenditure may only occur when it is in accordance with the Shire's Hospitality Policy or is undertaken with the express written permission of the CEO.
 - f. Official travel, accommodation and related expenses may only occur in accordance with the Shire's policies and procedures.
 - g. Accounts payable payments are made under the direction of the Finance Manager.
 - h. A sufficient record of each transaction is obtained and retained in the local government record.
- (2) Allowable transaction modes include:
 - a. in-person and over the counter retail purchases;
 - b. telephone or facsimile purchasing;
 - c. mail order purchasing and subscriptions; and
 - d. internet purchasing.

2.6.2 Prohibited Transactions

- (1) The Shire prohibits the use of Corporate Credit Cards in the following situations:
 - a. Cash advances.
 - b. Incurring expenses which are personal or private (i.e. any expenditure which is not an approved Local Government activity).
 - c. Making deposits onto the card, whether to offset misuse or otherwise.
 - d. Incurring Capital expenditure.

- e. Incurring expenditure for goods or services which are subject to a current supplier contract.
 - f. Incurring expenses which are not in accordance with legislation, the Shire of Plantagenet Policy, the Annual Budget and / or the conditions or limitations relevant to the individual Cardholder.
 - g. Expenses for which another Corporate Credit Card is the approved facility (i.e. the Corporate Credit Card is not to be used for purchasing fuel or oil, as the fuel card is the approved facility for that purpose).
 - h. Splitting expenditure to avoid compliance with the Purchasing Policy or to negate limits or conditions applicable to the Cardholder.
 - i. Incurring expenses for the primary purpose of obtaining personal advantage through the transaction (i.e. membership or loyalty rewards).
- (2) For clarity, Elected Members are prohibited from using Shire Corporate Credit Cards as the *Local Government Act 1995* does not provide authority for an Elected Member to incur liabilities on behalf of the Local Government. The Act limits Local Governments to only paying Elected Member allowances and reimbursing Elected Member expenses.

2.6.3 Cardholder duty of care and responsible use obligations

- (1) A Cardholder is required to do the following:
- a. Keep the Corporate Credit Card and access information in a safe manner; protected from improper use or loss.
 - b. Only use the Corporate Credit Card for allowable purposes and not for prohibited purposes.
 - c. Obtain, create and retain Local Government records that evidence transactions.
 - d. Acquit the reconciliation of Corporate Credit Card usage in the required format and within required timeframes. The onus is on the cardholder to provide sufficient detail for each transaction to avoid any potential perception that a transaction may be of a personal nature.
 - e. Return the Corporate Credit Card to the Shire of Plantagenet before termination of employment, inclusive of reconciliation records.
 - f. Reimburse the Shire the full value of any unauthorised, prohibited or insufficiently reconciled expenditure.
- (2) Benefits obtained through use of a Corporate Credit Card (i.e. membership or loyalty rewards) are the property of the Shire and may only be used for Shire business purposes. Such benefits must be relinquished by the Cardholder to the Shire. Under no circumstances may such benefits be retained as a personal benefit.

2.6.4 Transaction evidence

- (1) A sufficient transaction record must include the following minimum information:
- a. Invoice and / or receipt that includes; the date, company name, address, ABN, amount and any GST amount included.
 - b. Where an invoice and / or receipt cannot be obtained, the Cardholder must provide a Statutory Declaration, in accordance with the *Oaths, Affidavits and Statutory*

Declarations Act 2005, detailing the nature of the expense and sufficient information to satisfy the requirements of subclause (a) above.

- (2) Where a Corporate Credit Card is used to incur an expense for hospitality, the transaction record must include for the purposes of Fringe Benefits Tax calculations and probity:
- a. the number of persons entertained;
 - b. the names of any employees in that number; and
 - c. the purpose of providing the entertainment or hospitality.

ADOPTED: 27 FEBRUARY 2024

LAST REVIEWED: 27 FEBRUARY 2024