

CORPORATE CREDIT CARD POLICY

| QUALITY CONTROL | | | |
|----------------------|---------------------------------|-----------------|---|
| EDRMS REFERENCES | D21/8322 | | |
| RESPONSIBLE POSITION | Manager Finance | | |
| APPROVED BY | Director Finance and Commercial | | |
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1. POLICY STATEMENT

1.1 PURPOSE

This policy outlines the requirements, effective controls, and procedures regarding the use of all credit cards (including reloadable purchase cards) by Broken Hill City Council (BHCC) staff. Corporate credit cards are a routine aspect of accounts payable management and procurement for local government organisations.

Corporate credit cards allow for the efficient and effective operation of BHCC business and are not a benefit assigned to specific individuals. The use of corporate credit cards creates savings in staff administration time and are an efficient means of payment, especially for low-value purchases. Compared to the use of petty cash, credit card transactions provide better transparency and accountability for expenditure.

All BHCC credit and reloadable purchase cards are subject to appropriate controls to protect organisational funds, maintain the integrity of governance processes and maintain public confidence in BHCC operations. All local government organisations are obliged to maintain an effective system of internal control, in accordance with the Local Government (General) regulation 2021 to address the significant risks of fraud and misuse of corporate credit cards.

1.2 POLICY OBJECTIVE

The objective of this policy and associated procedures is to detail standard credit card practises across Council and to highlight the obligations of Council officers with the delegated authority to purchase goods and services of any value or type on behalf of Council by way of corporate credit card.

Credit Card usage is a function that is substantial risk in terms of corruption and therefore it is subject to tight rules and processes.

Successful corporate credit card usage provides great flexibility and potentially increases efficiency of services, expediting lead times and reducing administrative burden.

1.3 POLICY SCOPE

All staff are accountable for applying this policy within their areas of responsibility. Specific responsibilities are as follows:

- The General Manager has ultimate responsibility for procurement and delegated authority of expenditure of funds across Council;
- The Director Financial and Commercial and Manager Finance are responsible for the development of all policies and procedures in relation to credit card usage and associated procurement across Council;
- Managers of each division are accountable for the implementation, maintenance, and the management of any breach of policy within their areas of responsibility in accordance with this policy and related policies;
- Each member of staff is responsible for ensuring that they fulfil their obligations in relation to this policy, procedures and Code of Conduct when spending public funds.

2. PROCEDURE AND GUIDANCE NOTES

2.1 Requirement

This policy represents the principles, processes and procedures that will be applied to corporate credit card usage on Council's behalf.

This policy will apply to Councillors, Council staff and all persons undertaking any form of procurement by way of Credit Card on Council's behalf, and they are accountable for complying with all relevant legislative and policy requirements.

2.2 Conduct of Councillors and Council Staff

Councillors and members of staff (and all persons engaged in credit card purchases on behalf of Council) must exercise the highest standards of integrity in a manner able to withstand the closest possible scrutiny.

All members of staff have an overriding responsibility to act with integrity at all times.

2.3 Appropriate Use

- Each individual credit limit must be strictly adhered to, with no over expenditure, and purchases must not be split to avoid the transaction limit.
- BHCC card holders must ensure funds are available within the budget prior to purchasing goods and services and the expenditure is justified.
- Credit cards are not to be used for cash advances, Automatic Teller Machine (ATM) transactions, bank cheques, over the counter withdrawals, Traveller's Cheques, or wire of money transfers.
- BHCC credit cards shall not be used for private or personal expenditure.

- BHCC employees will not be entitled to any rewards program or access to rewards that may be offered as part of the BHCC incurring expenditure.
- Use of a corporate credit card for business purchases over the internet should be restricted to trusted secure sites.
- Cardholders must provide taxation compliant transactional evidence to support all charges. An acceptable receipt for reimbursement of claimable business expenses on the corporate credit card is an original Tax Invoice/Receipt.
- Failure to produce an official Tax Invoice will result in the cardholder having to provide a Statutory Declaration as substantiation and proof that a business-related purchase has occurred.

2.4 Eligibility, Security and Governance

BHCC staff will only be issued a corporate credit or reloadable purchase card in circumstances where there is a clear business case to support their use.

Credit cards are to be maintained in a secure manner by the cardholder and guarded against improper use.

- The Manager Finance or Director Finance and Commercial are to authorise the establishment of all BHCC corporate credit cards. Applications are to include details of the need for the facility and proposed use of the credit card, the approval will be based on position held within BHCC, in conjunction with the applicant's financial delegations.
- Cardholders will be required to formally acknowledge policy conditions and complete the Cardholder Approval form **(attachment 1)**.
- Card sharing is not permitted and is in breach of Council's obligations with our financial provider and potentially violates Council's internal financial delegation limits.
- Corporate credit cards are to be used with a unique PIN for each card and the PIN is to remain confidential.
- Cardholders should be aware that if they do not obtain or are not able to provide a tax invoice for expenditure, the organisation would not be able to recover any GST that may be applicable on that expenditure.
- The Manager Finance will perform regular reviews and compliance checks of all credit cards, including but not limited to; usage patterns, limits, internal controls, and risk management relating to credit card usage. If necessary or upon request, a summary of the review will be reported to the General Manager.
- Lost, stolen and / or damaged cards are to be reported immediately to the financial institution (Westpac) and to the Manager Finance. **(See attachment 2)**
- Credit cards will be returned to the organisation a minimum of two (2) weeks prior to the cessation of employment, retirement, transfer or promotion (by the cardholder) to another position that does not require the use of the card or if they are instructed to do so by the Manager Finance or Director Finance and Commercial. This will include a reconciliation of expenditure incurred on the card.
- The use of corporate credit cards is to be in accordance with this policy, ensuring that procurement guidelines have been followed and in line with the Procurement Framework Policy and adheres to the financial institution's conditions of use.

- All corporate credit cards will be for business related expenditure only. The limits imposed per card will be assessed by Manager Finance and Director Finance and Commercial based on position and financial delegation held within Council as per Financial Delegation Spend Limit and Purchasing Cards Register (Trim D15/4674).
- The General managers card will be issued with a \$10,000 limit.
- Director Finance and Commercial, Plant and Fleet Coordinator, Manager Information and Communications Technology, will be issued cards with \$5,000 limits.
- The Airport Coordinator will be issued a card with a \$3,000 limit.
- All other eligible cardholders not mentioned above will be issued cards with a maximum limit of \$2,000, as determined by the General Manager.
- Reloadable cards will be issued temporarily to individual staff on a case-by-case basis after assessment of application and proposed need. This may include, but not be limited to; staff travel, sundry purposes, once off low value purchases up to a maximum \$500 transaction limit. All other requirements of approval and acknowledgement mentioned above, remain the same.

2.5 Reconciliation Process

Reconciliation tasks are to be completed within 30 days of incurring the expense.

The cardholder's supervisor will be responsible for ensuring the correct allocations have been utilised, appropriate budget is available and verify the expenditure incurred is business related and in alignment to this policy.

The General Managers corporate credit card, once reconciled, will go to the Mayor for approval.

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Cardholders who do not acquit their expenditures within 30 days will be sent a reminder of their obligations under this policy. Continued or repeated non-conformance will result in cancellation of the card and other appropriate action taken.

If the cardholder has not completed the reconciliation task and card expenditures are not reconciled or acquitted within 60 days of expenditure occurring, and a plausible explanation not provided to Finance Operations via their supervisor – the corporate card may be cancelled, and the cardholders cost centre debited.

Note that further action may be taken against cardholder.

Corporate Credit Card:

Finance Operations upload Corporate Credit Card transactions daily. Reconciliation tasks are assigned to the cardholder to attach appropriate substantiation by way of Tax Invoice or Statutory Declaration and to allocate expenditure to appropriate cost allocations.

Reloadable Purchase Card:

Finance Accounting manage the reconciliation of the reloadable card float portal and all associated payments and card uploads.

Tax invoice/receipts for any reloadable card purchase must have appropriate management approval and correct cost allocation detailed on receipt, obtained by the card holder prior to submitting to Finance Accounting for processing

2.6 Disputed Transactions

If a transaction is disputed, the cardholder must notify the bank immediately then inform the Manager Finance in writing giving full details of the problem (as per **Attachment 3** Disputed Transactions Form).

Westpac Dispute Transactions Hotline: Ph: 1300 364 294

2.6 Misuse of Card

Cardholders will be considered to have misused the card if they fail to meet their responsibilities as described above.

Misuse of the card may result in:

- The withdrawal of the card
- Disciplinary action being taken

The cardholder is also required to bear the cost of any charges incurred by the organisation arising from any card misuse by the cardholder.

Splitting of invoice or sales dockets to avoid exceeding delegation or card limits is not permitted and is treated as a misuse of the card.

Credit cards are issued to BHCC staff members that are in a position of trust regarding the use of public funds. Improper use of the credit card facility may render the cardholder liable to disciplinary / legal action, and / or criminal prosecution if deemed appropriate.

If a card is inadvertently used for personal use the Cardholder should:

- Identify if the Supplier is able to reverse the transaction, or
- Ensure that repayment is made immediately (or as soon as practically possible), with a copy of the receipt for reimbursement forwarded to Manager Finance.

3 IMPLEMENTATION

3.1 Communication

This Policy will be communicated to the community and staff in accordance with Council's Policy, Procedure and Process Framework and Council's Business Paper process. Following adoption by Council the Policy will be made available on Council's website.

3.2 Associated Documents

The following documentation is to be read in conjunction with this policy.

- Procurement Framework and Policy
- Financial Delegation Spend Limit and Purchasing Cards Register (D15/4674)
- Corporate Credit Card Cardholder Approval, Guidelines and Acknowledgements Form
- Corporate Credit Card – Disputed Transactions Form
- Lost, Stolen or Replacement Cards Form

4 REVIEW

Review of this policy will incorporate relevant legislation, documentation released from relevant state agencies and best practice guidelines.

The standard review period will be within each term of Council following the Local Government Elections, or as required to ensure that it meets legislation requirements and the needs of the community and Council. The responsible Council officer will be notified of the review requirements three (3) months prior to the expiry of this policy.

The Manager Finance is responsible for the review of this policy.

5 LEGISLATIVE AND LEGAL FRAMEWORK

This policy is to be read in conjunction with the following:

- Local Government Act 1993
- Local Government (General) regulation 2021
- Councils Code of Conduct and Business Ethics

Council employees shall refrain from personal activities that would conflict with proper execution and management of Council's Corporate Credit Card Policy. Council's Code of Conduct provides guidance for recognising and disclosing any conflicts of interest.