

Financial Policy 3 – CORPORATE CREDIT CARDS

The Shire of Christmas Island shall have one corporate credit card for use by staff only for goods and services to be used on behalf of the Shire. The corporate credit card is by the delegation of the Chief Executive Officer and whose use will be administered by the Director of Finance only.

1. Introduction

Corporate credit cards can deliver significant benefits to the Shire of Christmas Island through improved administrative practices and more effective cash management. However, they can also expose the Shire to significant risks if not properly controlled.

2. Objective

- The purpose of the Shire of Christmas Island's Corporate Credit Card Policy is to establish rules for their use by Shire staff
- The policy will describe the protocol of how Shire staff may access the card and under what circumstances.
- The policy and associated purchasing policy are designed to minimize any risks associated with the use of the Corporate Credit Cards while providing cardholders with a convenient method of purchasing goods and services on behalf of the Shire.

3. Legislation

The following provisions of the Local Government Act (CI) 1995 (the Act) and associated Regulations impact on the use and control of corporate credit cards:

- Section 2.7 (2) (a) and (b) of the Act requires the council to oversee the allocation of the local government's finances and resources and to determine the policies of the local government.
- Section 6.5 (a) of the Act requires the CEO to ensure that proper accounts and records of the transactions and affairs of the local government are kept in accordance with regulations.
- Local Government (Financial Management) Regulation 11(1) (a) requires local governments to develop procedures for the authorization and payment of accounts to ensure that there is effective security and appropriate authorizations in place for the use of credit cards.

4. Advantages of Corporate Credit Card

When used correctly, a credit card can:

- Eliminate or reduce time spent on paper based ordering and payments;
- Reduce administrative costs;
- Reduce the number of payments per month;

- Provide a useful resource in remote and emergency situations;
- Provide an effective audit trail of expenditures.

5. Policies and Procedures Governing the Use of Corporate Credit Cards

Policies and procedures for controlling the use of credit cards:

- The Shire of Christmas Island's Corporate Credit Card may be issued to the Chief Executive Officer and Director Finance and Administration for use where it is inappropriate or inconvenient to use the Shire's normal payment systems.
- The Council must approve the issue of the credit card to the Chief Executive Officer. The Chief Executive Officer approves the issue of a Corporate Credit Card (under delegation) to the Director of Finance & Administration.
- The Shire of Christmas Island's Corporate Credit Cards are to be issued by Westpac Banking Corporation.
- The Director of Finance and Administration is responsible for the security of the credit card issued.
- Credit cards should only be used for purchasing goods and services on behalf of the Shire;
- Use of the Shire corporate credit card for personal expenditure is prohibited;
- The credit card cannot be used for cash withdrawals;
- Any staff member wishing to use the Shire Credit Card for purchase of goods or services must obtain written consent from either the Chief Executive Officer or Director of Finance and Administration detailing the goods or services to be procured and its necessity for that staff member and why the normal means of procurement are not suitable.

For example, some suppliers may have a policy that credit card payment is the only form of purchase.

6. Monitoring and Accountability Requirements

The following safeguards and accountability requirements are to be followed to minimize the risk of misuse of the credit card.

- A tax invoice is required to be obtained for every purchase made by the credit card holder. This is required in reconciliations of the corporate credit card statement at the end of each month. The tax invoice is to be provided to the Director of Finance and Administration as soon as it is obtained.
- If a transaction is done by internet, telephone or by mail order, the cardholder will need to ensure that an appropriate tax invoice is obtained from the supplier and included with the monthly reconciliation.
- Cardholder is to check and sign that the goods and services listed in the monthly statements have been purchased.
- Any suspicious misuse of the credit card is to be immediately reported to the CEO for further investigation.
- Details of the credit card payments to be included in the monthly schedule of accounts with all supporting documentation to be provided at the next regular Ordinary Council Meeting for Council information and inspection.

7. Card Lost or Stolen

Cards that are lost or stolen must be reported immediately by the cardholder to Westpac Banking Corporation in accordance with the procedures for such by the Bank.

A replacement card will be arranged and issued to the cardholder upon receipt from the bank.

8. Disposal of Credit Card

The Manager of Finance and Administration is to destroy the card in a safe manner upon its expiry or replacement.

Key Performance Indicators	Save administrative costs and number of payments per month;
Keywords	Credit card
Related Policies	Purchasing policy
Related Procedures/ Documents	Credit Card/Purchasing procedures

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