



NORTHERN MIDLANDS COUNCIL

POLICY MANUAL

BUSINESS CREDIT CARDS: POLICY AND PROCEDURE

Originated Date: Adopted 19 March 2012 – Min. No. 73/12 (as Policy 63)

Amended Date/s: Revised 12 December 2016 – Min. No. 359/16
Revised 17 July 2017 – Min. No. 235/17

Applicable Legislation:

Objective To provide a work environment which aims to ensure the health, safety, respect and productivity of all employees

Administration: Corporate Services

Review Cycle/Date: Next review 2021

1. SCOPE

- 1.1 This Policy applies to the Mayor and all staff of the Northern Midlands Council who are assigned a Business Credit Card.
- 1.2 Conditions set out in this Policy and Procedure, the Northern Midlands Council's Procurement Policy, Fraud & Corruption Policy, and Delegations of Authority.
- 1.3 The Northern Midlands Council uses Commonwealth Bank Business Card - MasterCard.
- 1.4 Commonwealth Bank of Australia is the exclusive supplier of Business Credit Cards to the Northern Midlands Council. The arrangements with the Bank cover all of the Northern Midlands Council's Business Units. No other provider's card will be approved for the duration of our agreement with the Commonwealth Bank.
- 1.5 Cardholders and their managers and supervisors are responsible for ensuring that they adhere to the Business Credit Card policy, thereby ensuring adequate controls are exercised to minimise the risk that Business Credit Cards are used for fraudulent or corrupt purposes. Cardholders and their managers and supervisors are referred to the Northern Midlands Council's Fraud & Corruption Policy for further information on their role in relation to fraud and corruption prevention.

2. ELIGIBILITY

- 2.1 Only the Northern Midlands Council Mayor, senior executive staff, or staff holding a supervisory position can apply for a Business Credit Card.
- 2.2 Staff are eligible to be issued with only one (1) Business Credit Card at a time.
- 2.3 To be eligible for a Business Credit Card, a staff member must meet one or more of the following criteria:
 - 2.3.1 Hold a senior management position within Northern Midlands Council;
 - 2.3.2 Travel frequently in the course of his/her duties either within Tasmania or interstate;
 - 2.3.3 Purchase minor goods and services for use by Northern Midlands Council;
 - 2.3.4 Incur regular frequent expenses of a kind appropriately paid by credit card.

3. LIMITS

- 3.1 The Business Credit Card issued to the Northern Midlands Council General Manager (or delegate) and Corporate Services Manager will be limited to a maximum of \$5,000 and be for business expenditures only.



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- 3.2 The Business Credit Card issued to the Northern Midlands Council Mayor will be limited to a maximum of \$2,500 and be for business expenditures only.
- 3.3 Business Credit Cards issued to senior management or other staff apart from the General Manager will be limited to a maximum of \$2,000 and be for business expenditures only.
- 3.4 Exceptions to these limits and usage rule will be made on a case by case basis by the General Manager, Northern Midlands Council.

4. CONDITIONS OF USE

- 4.1 The Business Credit Card cannot be used:
 - 4.1.1 For purchasing fuel for Council or privately owned vehicles. (See Section below concerning Fuel Purchases).
 - 4.1.2 To obtain cash advances.
 - 4.1.3 For expenses other than those incurred by the assigned officer named on the Card or on behalf of another staff member.
- 4.2 The Business Credit Card is to be used only for official Northern Midlands Council business and not personal expenses. Charging personal transactions to Business Cards is not acceptable under any circumstances. Cardholder transactions will be scrutinised to ensure compliance with this policy.
- 4.3 Infractions of the conditions of this Policy will result in cancellation of the card and withdrawal of Business Credit Card privileges.
- 4.4 Breaching of this policy can lead to disciplinary action against the staff member concerned. In all cases of misuse, the Northern Midlands Council reserves the right to recover any monies from the cardholder. Cardholders will be required to sign a declaration authorising the Northern Midlands Council to recover from their salary any amount incorrectly claimed.
- 4.5 Cardholders may not use their Business Credit Card to obtain cash advances from banks, building societies, credit unions nor automatic teller machines. This prohibition similarly extends to cash equivalents such as bank cheques, traveller's cheques and electronic cash transfers.

5. FUEL PURCHASES

- 5.1 Fuel for Council owned vehicles must be purchased using a Caltex Fuel card and not the Business Credit Card.
- 5.2 An exception to the above rule is where the vehicle is at risk of running out of fuel and there is no Caltex Service Station available. In this case, the Business Credit Card may be used to purchase fuel from a non-Caltex service station.
- 5.3 If fuel purchases are made on the Business Credit Card, these must immediately be brought to the attention of the Council's General Manager.

6. MONTHLY BUSINESS CARD STATEMENTS

- 6.1 The Commonwealth Bank issues statements on a monthly basis, normally on the 15th day. Business Credit Card expenditures must be reconciled with Corporate Services by the last day of each month. Reconciliation by month end allows for a period of two weeks by which time the Mayor and all staff should have submitted documentation for reconciliation. Cardholders who have not acquitted their monthly expenditure within this period will be asked to reconcile their monthly expenditure immediately to avoid having their cost-centre debited for the outstanding statement amount. This procedure will ensure that cost-centre accounting records maintain an accurate and meaningful balance.



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- 6.2 Cardholders who do not acquit their monthly expenditures by month end will be sent a reminder of their obligations under this Policy. Continued or repeated non-conformance to this Policy will result in cancellation of the Card and such other actions as appropriate.
- 6.3 If Card expenditures are not reconciled or acquitted within two months of the normal month end reconciliation date and a plausible explanation has not been received by Corporate Services, the Business Credit Card will be cancelled and the Cardholders' Business Unit account debited for the amount outstanding. Note that further action may also be taken against the Cardholder.

7. CARDHOLDER RESPONSIBILITIES

Cardholders are responsible for the following security measures for the use of their Card:

- 7.1 Cardholders must retain transactional evidence to support all charges. An acceptable receipt for reimbursements of claimable business expenses on the Business Credit Card is an original receipt.
- 7.2 Card purchases without receipts are ultimately the responsibility of the user and his/her Unit. A failure to provide receipts or credible explanation for the unsupported expenditure will result in an automatic debit from the Business Unit's account after two months of the original reconciliation month end date.
- 7.3 Reimbursement for return of goods and/or services must be credited directly to the Card account.
- 7.4 Cardholders cannot authorise their own statements or have a subordinate counter-sign for them; however, the expenditure of the Mayor is to be authorised by the General Manager.
- 7.5 Lost or stolen Cards must be reported immediately to the Commonwealth Bank Lost/Stolen Cards unit (telephone 13 22 21) and cancelled immediately. Corporate Services must be notified within 2 business days of this activity.
- 7.6 Persons issued with a Business Credit Card are in a position of trust in regard to use of public funds. Improper or unauthorised use of the Card may result in the Cardholder being held liable for expenditures, legal/disciplinary action being brought against the Cardholder, termination of Card-use and/or termination from the Northern Midlands Council.
- 7.7 Cardholders are responsible for ensuring that their purchases meet the Northern Midlands Council's purchasing criteria outlined in the Northern Midlands Council's Procurement Policy.

8. MANAGEMENT AND SUPERVISORY RESPONSIBILITIES

The transactions of the General Manager are to be verified by the Corporate Services Manager and all other transactions are to be verified by the General Manager, Northern Midlands Council each month.

In verifying the transactions, the General Manager and Corporate Services Manager are to ensure the transactions are business related and the cardholder has supplied supporting documentation. Any unusual transactions must be followed up with the cardholder immediately. Suspected breaches of policy **must** be referred to Corporate Services without exception.

9. RECORDS MANAGEMENT

- 9.1 All documentation associated with the application for a Business Credit Card will be maintained within the Northern Midlands Council's electronic records management system.
- 9.2 Receipts for all Credit Card transactions will be retained locally within the Corporate Services Unit. Cardholders must be able to produce receipts on-demand for audit purposes. Where electronic document management systems are available to record receipts and/or other evidence of business transactions, this is the preferred medium for storage.



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10. AUDIT

- 10.1 Audit of cardholder purchases will occur by the General Manager on a monthly basis as part of the approval process for purchases.
- 10.2 The Council retain the right to query any purchases and investigate those that are deemed inappropriate with business use.



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ACCEPTANCE OF BUSINESS CREDIT CARD

I acknowledge receipt of one (1) Commonwealth Bank Business Credit Card, and that I have read and understood the Northern Midlands Council's Policy and Procedures document relating to the use of Business Credit Cards.

Name:.....

Date:.....

Signature:.....

Please return this completed form to the Corporate Services Manager

Name of Issuing Officer:.....

Title of Issuing Officer:

Signature of Issuing Officer: