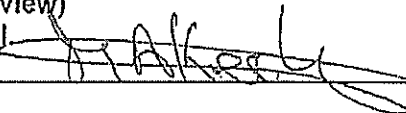


9. OFFICER'S REPORTS
9.4 FINANCE REPORTS
9.4.1 Investigate Credit Card Usage

FILE NO: FI.BNK
COUNCIL DATE: 12 May 2014
REPORT DATE: 8 May 2014
LOCATION/ADDRESS: N/A
APPLICANT: Shire of York
SENIOR OFFICER: Michael Keeble, CEO
REPORTING OFFICER: Michael Keeble, CEO
DISCLOSURE OF INTEREST: Nil
APPENDICES: Policy No. 1.6 – Corporate Credit Cards (under review)
DOCUMENTS TABLED: Nil
REPORT APPROVED BY THE CEO:  M. Keeble
Chief Executive

Summary:

To discuss the terms of reference with the Council's Auditors Macri Partners for the purpose of investigating usage of Shire Credit Cards.

Background:

This item arises from public statements issued through the ABC website and the Sunday Times. As a result the Council must pursue this allegation.

Consultation:

Councillors and Council's Auditors.

Statutory Environment:

Local Government Act 1995 section 2.7 (2)(a) and (b)

"2.7. Role of council

- (2) Without limiting subsection (1), the council is to —
- (a) oversee the allocation of the local government's finances and resources;"

Local Government (Financial Management) Regulations 11 (1)(a)

"11. Payments, procedures for making etc.

- (1) A local government is to develop procedures for the authorisation of, and the payment of, accounts to ensure that there is effective security for, and properly authorised use of —
- (a) cheques, credit cards, computer encryption devices and passwords, purchasing cards and any other devices or methods by which goods, services, money or other benefits may be obtained;"

Policy Implications:

Financial Management – Corporate Credit Cards – introduced 15th February 2010 currently under review.

Financial Implications:

Await quotation from Auditor this may result in an unbudgeted item.

Voting Requirements:
Simple Majority Required: Yes

OFFICER RECOMMENDATION

"That Council authorise the Chief Executive Officer to obtain a quotation and engage its Auditors to undertake an investigation into the use of the Corporate Credit Cards using the following criteria:

1. *Compare the date of entry on the Credit Card Statement with the actual purchase dates shown on the receipts.*
2. *Compare those dates with:*
 - a) *Day of the week;*
 - b) *Whether or not it was a public holiday;*
 - c) *Whether or not Mr R Hooper was on leave.*
3. *Check the purpose of the purchase and categorise as:*
 - a) *Office purchases;*
 - b) *YRCC purchases;*
 - c) *Library purchases;*
 - d) *Fuel purchases;*
 - e) *Christmas party purchases;*
 - f) *Airfares;*
 - g) *Garden and Home Maintenance;*
 - h) *Training, Conferences and related Accommodation purchases; and*
 - i) *Other to be the subject of further investigation.*
4. *The Auditors shall submit a report from 1 July 2013 to 31 April 2014.*
5. *The Auditor may be required to continue to investigate for the prior six (6) years."*

AMENDMENT

Moved: Cr Smythe

Seconded: Cr Wallace

"That Council Amend the Officer Recommendation to read:

Authorise the Chief Executive Officer to obtain a quotation and engage its Auditors to undertake an investigation into the use of the Corporate Credit Cards using the following criteria:

1. ***Compare the date of entry on the Credit Card Statement with the actual purchase dates shown on the receipts.***
2. ***Compare those dates with:***
 - a) ***Day of the week;***
 - b) ***Whether or not it was a public holiday;***
 - c) ***Whether or not Mr R Hooper was on leave.***

FINANCIAL MANAGEMENT – CORPORATE CREDIT CARDS

ORIGIN / AUTHORITY

Council Meeting – 15 February 2010

Related Delegation – Nil

OBJECTIVE

To provide guidance for the use of Corporate Credit Cards.

LEGAL

Local Government Act 1995 Section 2.7 (2) (a) and (b), Section 6.5 (a)
Local Government (Financial Management) Regulations 11 (1) (a)

POLICY

1.0 The use of Corporate Credit Cards shall only be approved if there is a demonstrated need and advantage to the Shire. These include:

- (i) Elimination or reducing time spent on paper based ordering and payments;
- (ii) Reduction of administrative costs;
- (iii) Reducing the number of payments per month;
- (iv) Provision of a useful resource in an emergency situation; and
- (v) Reducing the need to carry cash on the premises.

2.0 Applications for Corporate Credit Cards and Approval

All applications for a Corporate Credit Card shall be approved by the Chief Executive Officer.

In the case of the Chief Executive Officer, the Council shall approve the application and determine the conditions for use and maximum credit limit and credit limit for each individual transaction.

3.0 Register

A register shall be maintained by the Deputy Chief Executive Officer of all Credit Cards issued. The register shall include:

- (i) Date of approval by Chief Executive Officer;
- (ii) Name of card holder;
- (iii) Conditions of use of the card; and
- (iv) A review date for continuing use of the card, not exceeding 24 months.

4.0 Issuing of Corporate Credit Cards to Elected Members

- 4.1 The Local Government Act does not make provision for the issuing of credit cards to Elected Members. (A Local Government can only pay allowances or reimburse expenses to an Elected Member).
- 4.2 Elected Members shall not be issued with a Corporate Credit Card as there are no provisions within the Act which allow an Elected Member to incur a debt.

5.0 Policies and Procedures Governing the Use of Corporate Credit Cards

The following shall be complied with for controlling the use of Corporate Credit Cards:

General

- 5.1 An agreement shall be signed by the cardholder which sets out the cardholder's responsibilities and legal obligations when using the Credit Card;
- 5.2 A register by the Deputy Chief Executive Officer of all current cardholders should be kept which includes card number, expiry date of the Credit Card, credit limit and details of goods and services the cardholder has authority to purchase;
- 5.3 All new and existing cardholders shall be provided with a copy of the policies relating to the use of Credit Cards;
- 5.4 When an employee misplaces their Credit Card, they shall promptly report the matter to Deputy Chief Executive Officer who shall immediately cancel the card;
- 5.5 Credit Cards shall not be transferred to other users;
- 5.6 Use of the reward schemes, such as Fly Buys, will not be permitted for personal gain;
- 5.7 All surrendered Credit Cards shall be destroyed by the Deputy Chief Executive Officer in the presence of another employee;
- 5.8 In the event that a cardholder fails to comply with the policies requirements, the Chief Executive Officer shall withdraw the use of the Corporate Credit Card and take appropriate disciplinary action. All criminal/illegal acts of alleged misuse shall be reported to the Police and other relevant authorities; and

- 5.9 The use of Corporate Credit Cards for personal entertainment uses is prohibited.

6.0 Purchasing

- 6.1 Credit Cards shall only be used for purchasing goods and services on behalf of the Shire;
- 6.2 Personal expenditure is strictly prohibited;
- 6.3 A Credit Card shall not be used for cash withdrawals;
- 6.4 Maximum credit limit shall be based on the cardholder's need and approved by the Chief Executive Officer and the following will be used as a guide:

Maximum credit limit and transaction limit per card will be as follows:

Name	Credit Limit \$	Maximum Credit Limit per Transaction \$
Chief Executive Officer	5,000	5,000
Deputy Chief Executive Officer	5,000	5,000

- 6.5 Purchases by facsimile, telephone or over the internet shall be authorised by the person and all paperwork shall be kept and verified.

7.0 Payments

- 7.1 The cardholder shall provide appropriate and sufficient documentary evidence of all charges, as required, on a regular basis;
- 7.2 Time frames for all payment of accounts shall be monitored by Deputy Chief Executive Officer to ensure that credit charges are minimised and accounts are paid so as not incur a penalty or interest;
- 7.3 Cardholders cannot approve expenditure incurred on their own cards – these will be referred to the Chief Executive Officer for approval – the Chief Executive Officer shall refer any such instances to the Deputy Chief Executive Officer.

History:
Adopted:

15 February 2010

3. Check the purpose of the purchase and categorise as:

- a) Office purchases;**
- b) YRCC purchases;**
- c) Library purchases;**
- d) Fuel purchases;**
- e) Christmas party purchases;**
- f) Airfares;**
- g) Garden and Home Maintenance;**
- h) Training, Conferences and related Accommodation purchases;**
- i) Liquor purchases;**
- j) Dining and Entertainment, and**
- k) Gifts**

4. The Auditors shall submit a report from 1 July 2011 to 30 June 2012, 1 July 2012 to 30 June 2013 and 1 July 2013 to 30 April 2014.

5. The Auditor may be required to continue to investigate for the prior six (6) years.”

CARRIED: 6/0

**RESOLUTION
020514**

Moved: Cr Smythe

Seconded: Cr Wallace

The amendment became the motion.

CARRIED: 6/0

The Officer Recommendation was amended to allow for greater depth to the Audit.