Cash Management – Transaction Management
C3.3: Corporate Credit Cards

Statement of Intent

The use of corporate credit cards can provide an efficient and effective payment method provided that risks associated with corporate credit card use are appropriately managed. This section prescribes the policy for the control, use and management of Northern Territory Government corporate credit cards by authorised users.

| Main Features Section 38 of the Financial Management Act requires every Accountable Officer and every employee of an Agency to comply with the Treasurer’s Directions.Corporate Credit Card * A Northern Territory Government corporate credit card is a credit card issued to an employee to purchase goods and services for official, approved purposes.

Use of Corporate Credit Cards* All purchases made using a corporate credit card are to be in accordance with the Financial Management Act, the Procurement Act, the Corporate Credit Card Policy and Procedure Guidelines.
* Agencies are to use a corporate credit card for all:
* payments over-the-counter; and
* payments made over the internet and telephone.

Management of Corporate Credit Cards* The issue and use of a corporate credit card is subject to appropriate management, accountability and control arrangements.
* Corporate credit card statement/transactions are to be reconciled promptly after the close of the billing period.
* For authoritative instruction and guidance, reference should be made to related Treasurer's Directions and Corporate Credit Card Policy and Procedure Guidelines.
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Authorities

Financial Management Act

Procurement Act

Public Sector Employment and Management Act

References

Related Treasurer’s Directions:

A3.2 Accounting – Liabilities: Accounts Payable and Accrued Expenses

C3.2 Cash Management – Transaction Management: Payments

Other:

Northern Territory Government Corporate Credit Card Policy and Procedure Guidelines

Treasury Tax Circulars: GST Series

What is a Corporate Credit Card?

| C3.3.1A Northern Territory Government corporate credit card is a credit card issued to an employee to pay for goods and services for official, approved purposes.  |
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1. Northern Territory Government corporate credit cards (corporate credit cards) are issued by the banking provider under the central Banking Contract. Liability for charges incurred by a corporate credit card rests with the Territory rather than the individual cardholder. A cardholder’s personal credit standing is not affected by the use of a corporate credit card.
2. Each corporate credit card has a credit limit on the total value of transactions for each billing period. Where it is considered appropriate, a corporate credit card may also have a limit on the value of any single transaction. All transactions are reported in detail on monthly cardholder statements issued by the banking provider.
3. The Department of Corporate and Information Services (DCIS) is the primary point of contact for the control and administration of corporate credit cards. Contact should be through individual Agency delegates.
4. Treasurer’s Direction C3.2 provides instruction and guidance in relation to other payment methods.

Use of Corporate Credit Cards

| C3.3.2All purchases made using a corporate credit card are to be in accordance with the **Financial Management Act**, the Procurement Act and the Corporate Credit Card Policy and Procedure Guidelines. |
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The Financial Management Act, the Procurement Act and Treasurer’s Directions provide the minimum requirements for the purchasing, payment and recording of transactions. The Corporate Credit Card Policy and Procedure Guidelines provide specific guidance and procedures relating to the use of corporate credit cards. For example, the cardholder is required to ensure:

* + there is a correctly endorsed requisition authorising the purchase;
	+ the necessary quotations have been obtained (where appropriate);
	+ the purchase will not cause the credit limit on a corporate credit card to be exceeded; and
	+ suppliers are not excluded from consideration for a purchase solely on the basis that they do not accept corporate credit cards.

(For further information refer to the NTG Central website)

1. Treasurer’s Directions A3.2, C3.2 and the GST Circulars provide instruction and guidance relating to accounts payable, payments and GST policies. The Procurement Act and related procurement directions provide instruction and guidance in relation to procurement.

| C3.3.3Agencies are to use a corporate credit card for all payments:* made over-the-counter; and
* made over the internet and telephone.
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1. Treasurer’s Direction C3.2 requires Agencies to use a payment method that will maximise benefits and minimise costs to the Territory.
2. Payment by corporate credit card utilises available technology and minimises manual intervention and processing, resulting in the efficient and effective payment for goods and services. Government policy requires payment to be made by corporate credit card for all:
	* payments made over-the-counter; and
	* payments made over the internet or telephone.
3. It is recognised that payment by corporate credit card may not be appropriate or feasible for all types of payments even though they may notionally fall under the requirements of Treasurer’s Direction C3.3.3. Payment by corporate credit card is not required, where the payment falls into any one of the following categories:
	* employee payments;
	* reimbursements to individuals;
	* grants to organisations;
	* businesses without credit card facilities; and
	* other payments or types of payments that are unable to be made by corporate credit card (as advised by DCIS).

| C3.3.4A corporate credit card must only be used for official, pre-approved purposes and must not be used for:* personal, non-work-related purchases;
* hospitality or entertainment purposes without prior approval;
* cash advances;
* purchase of fuel and oils other than in exceptional circumstances;
* the splitting of purchases in order to negate credit limits; or
* gaining personal benefits.
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1. A holder of a corporate credit card is accountable for the use of the card. Therefore, the holder of a corporate credit card is responsible for ensuring that the card is only used for official, approved purposes.
2. A corporate credit card must not be used for hospitality or entertainment purposes unless prior approval has been obtained and the appropriate hospitality/entertainment form has been completed.
3. Use of a fuel card is the preferred option for purchases of fuel and oils. Corporate credit cards may be used for the purchase of fuel and oils where a fuel card is not available or not accepted by the relevant supplier.
4. The use of a corporate credit card is not to result in the cardholder obtaining any direct or indirect personal benefits as a result of that use. Examples of personal benefits include the offer of reward points (for example, ‘Fly Buys’), entries to competitions, gifts and entertainment. The Public Sector Employment and Management Act and related Employment Instructions provide additional instruction and guidance in relation to personal benefits.

Management of Corporate Credit Cards

| C3.3.5The issue and use of a corporate credit card is subject to appropriate management, accountability and control arrangements. |
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1. The issue and use of corporate credit cards by agencies raises certain risks that need to be appropriately managed and controlled. In particular, it is important that appropriate management, accountability and control arrangements are in place over the spending of public monies. The main risks related to the use of corporate credit cards include:
	* security of issue and use of corporate credit cards;
	* unauthorised or inappropriate use of corporate credit cards; and
	* a failure to report lost or stolen corporate credit cards promptly.
2. The risks associated with corporate credit cards can be mitigated through the establishment and implementation of appropriate management, accountability and control arrangements that include:

Issue of corporate credit cards:

* + clear assessment and approval processes exist to ensure a corporate credit card is only issued where there is a demonstrated Agency need;
	+ a corporate credit card application is signed by both the applicant and Agency delegate and a newly issued corporate credit card is immediately signed by the cardholder (in the presence of the issuing officer);
	+ adequate instruction and/or training is provided to new cardholders in relation to corporate credit card use and cardholder obligations;
	+ new cardholders sign that they have read and understood the Corporate Credit Card Policy and Procedure Guidelines and are aware of their responsibilities, obligations, credit limits and other restrictions imposed on use;
	+ credit and individual transaction limits (if required) are established that are appropriate for cardholder position and responsibilities;
	+ a register of cardholders is maintained that is subject to periodic review as to each cardholder’s need to retain a corporate credit card;
	+ clear procedures have been established relating to the surrender of corporate credit cards where the cardholder:
		- resigns;
		- transfers to a position within the Agency where it is not appropriate to retain the card;
		- transfers to another Agency; or
		- is absent from work for an extended period.
	+ clear and comprehensive processes and procedures have been established over corporate credit card use, including those to ensure relevant legislative requirements (for example, the Financial Management Act and Procurement Act) are met and adherence to the Corporate Credit Card Policy and Procedure Guidelines;
	+ corporate credit card use is limited to official (work-related) purposes only (refer to Treasurer’s Direction C3.3.4);
	+ Agency procedures are in place to ensure that corporate credit cards are used for specified purchases and payments (refer to Treasurer’s Direction C3.3.3);
	+ the use of a corporate credit card for cash withdrawals is prohibited;
	+ ensuring each cardholder has the appropriate approvals from a delegated person prior to payment for goods and services;
	+ periodic monitoring and review of corporate credit card transactions, purchase descriptions and excessive charges is undertaken (and where necessary promptly followed up) by an independent officer;
	+ documentation exists covering action to be taken in instances where a corporate credit card has been lost, cancelled, stolen or fraudulently/inappropriately used; and
	+ corporate credit card statements/transactions are promptly reconciled after the close of the billing period, with discrepancies and irregularities investigated in a timely manner.

Treasurer’s Direction C3.2 provides further instruction and guidance in relation to payments and controls specific to payments.

| C3.3.6A corporate credit card is to be issued only when there is a demonstrated need. |
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1. When considering the issue of a corporate credit card to an employee, an Agency should give consideration to the associated costs and benefits.
2. Corporate credit cards are often issued to employees whose duties require them to purchase or pay for goods and services on behalf of an Agency, such as:
	* purchasing officers and office services staff;
	* accounts payable staff;
	* travel clerks;
	* field staff; and
	* other employees, whose duties require them to make official, approved purchases or payments.
3. Requests for the issue of a corporate credit card and general enquires are to be made to the Agency delegate.

| C3.3.7A Corporate Credit Card Register is to be maintained for all corporate credit cards issued to Agency employees. |
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1. A Corporate Credit Card Register is to record all details relevant to corporate credit cards issued within an Agency and would include the following information:
	* cardholder name;
	* date corporate credit card received by Agency;
	* date corporate credit card issued to cardholder;
	* last four numbers of the corporate credit card (PCI compliance);
	* date corporate credit card cancelled;
	* reason card was cancelled; and
	* restrictions on the use of the card.
2. A Corporate Credit Card Register should be subject to regular review and should be reconciled at least annually. The Corporate Credit Card Policy and Procedure Guidelines provide guidance on the factors to be considered in the review and reconciliation of a Corporate Credit Card Register.

| C3.3.8A corporate credit card statement/transaction is to be reconciled promptly after the close of the billing period. |
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1. The banking provider is required to issue a statement for each corporate credit card on a monthly billing cycle. This statement provides an audit trail on usage by individual cardholders.
2. The reconciliation of corporate credit card statement/transaction provides a critical control element in monitoring the usage of each corporate credit card. As part of the reconciliation process, each authorised cardholder is required to certify that all charges incurred were for official, approved purposes. As part of this process, the cardholder is required to certify all corporate credit card charges in a timely manner.

| C3.3.9Where a corporate credit card is lost, stolen or fraudulently used, the cardholder or other Agency officer is to: * immediately advise DCIS CCC team (during working hours);
* advise the banking provider (outside of working hours); and
* advise the nominated Agency delegate/card administrator.
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1. The loss, theft or fraudulent use of a corporate credit card can expose the Territory to financial loss. As a result, a cardholder or other Agency officer will advise the DCIS CCC team immediately after it is apparent that a corporate credit card has been lost, stolen or fraudulently used.
2. To minimise the possibility of fraudulent use of a card, the banking provider has a 24-hour, 7-day service line available to report lost or stolen cards. The provision of the cardholder’s name and the Agency concerned is sufficient information for card transactions to be stopped by the banking provider.
3. The Agency delegate/card administrator should be advised of the loss, theft or unauthorised use of a corporate credit card as soon as possible, during working hours.