
NARROMINE SHIRE COUNCIL
ORDINARY MEETING BUSINESS PAPER – 9 DECEMBER 2020
REPORTS TO COUNCIL – FINANCE & CORPORATE STRATEGY

1. INVESTMENT REPORT AS AT 30 NOVEMBER 2020

Author	Director Finance & Corporate Strategy
Responsible Officer	Director Finance & Corporate Strategy
Link to Strategic Plans	CSP – 4.3 A financially sound Council that is responsible and sustainable DP - 4.3.1.5 Provide monthly cash balances and detailed quarterly financial reports to Council.

Executive Summary

Council's investments are made in accordance with legislative requirements and are certified as such by the Responsible Accounting Officer.

Report

Under the Local Government Act 1993 and Local Government (General) Regulation 2005, the Responsible Accounting Officer is required to report on Council's Investment portfolio on a monthly basis.

The management of Council's Investments is delegated by the General Manager to the Director of Finance and Corporate Strategy.

Council's current investment portfolio is diversified across a number of investment types and institutions. This includes term deposits, on-call accounts and managed funds. Investments are in accordance with the Office of Local Government's Guidelines and Council's Investment Policy.

The Government Guarantee on aggregated Investments up to \$1 million per account holder per institution expired 1 February 2012 and the new cap is \$250,000.

The investment portfolio increased **\$1,146,587** during the reporting period. This is due mostly to excess of receipts over payments which was anticipated.

Financial Implications

The 2020/21 Budget estimates the total annual Investment Revenue as \$627,956 which represents an estimated return of 2.5% and is split proportionally across General, Water and Sewer Funds and changes on a monthly basis in accordance with cash flow requirements.

The estimated market value of Council's Investments held as at 30 November 2020 is **\$23,090,318**. The full list of investments is in **Attachment No. 1**.

1. INVESTMENT REPORT AS AT 30 NOVEMBER 2020 (Cont'd)

Legal and Regulatory Compliance

- Local Government Act, 1993 – Section 625
- Local Government (General) Regulation, 2005 – Clause 212
- Council Investment Policy adopted 11 March 2015
- Ministerial Investment Order – 12 January 2011

Risk Management Issues

Council's risk management strategy is to diversify the allocation of funds across different financial institutions and government authorities based on credit ratings as per the Investment Policy. The investment portfolio is regularly reviewed in order to maximise investment performance and minimise risk.

Certification – Responsible Accounting Officer

I hereby certify that the investments listed in the report have been made in accordance with Section 625 of the Local Government Act 1993, clause 212 of the Local Government (General) Regulation 2005 and Council's Investment Policy.

Attachments

- 1 Investments – 30 November 2020 (estimated values)

RECOMMENDATION

1. That the report regarding Council's Investment Portfolio be received and noted;
2. That the certification of the Responsible Accounting Officer is noted and the report adopted.

2. CORPORATE CARD POLICY REVIEW

Author	Director Finance and Corporate Strategy
Responsible Officer	Director Finance and Corporate Strategy
Link to Strategic Plans	CSP – 4.3.1 Operate and manage a Council in a financially sustainable manner that meets all statutory and regulatory compliance and Council policies.

Executive Summary

The NSW Audit Office released findings of a performance audit on credit card management in Local Government. The audit assessed the effectiveness of credit card management practices in six councils: Dubbo Regional Council, Junee Shire Council, Lane Cove Council, Nambucca Valley Council, Penrith City Council and Shellharbour City Council. Council revised its relevant policy in light of these findings and recommendations.

Report

The NSWAO performance audit concluded in its report that “all six councils had important gaps in their credit card policies and procedures. Their reconciliation of credit card transactions needed to be enhanced to enable detection of potential misuse or fraud.”

Council acknowledged the findings of this report and reviewed its own Corporate Card Policy. The following findings were found to be most relevant.

1. Gaps in policies and procedures included:
 - a. A lack of criteria for eligibility
 - b. A lack of explicit limits and alignment to financial delegations
 - c. A lack of documented procedures for the reconciliation of the general manager's and mayor's credit card transactions
2. The reconciliations processes need to be enhanced to enable the detection of potential misuse or fraud
3. There lacked senior management oversight of credit card use.
4. Cardholders from all six councils advised they shared their credit cards with other staff for work-related purchases.
5. Five of the six councils were unable to provide all transaction records requested
6. Five of the six councils had incomplete and inaccurate credit card registers

2. CORPORATE CARD POLICY REVIEW (Cont'd)

Summary

In light of the NSWAO report the following changes to Council's policy are recommended:

1. Card limits are not to exceed the cardholder's delegated authority limit
2. Payments for fuel and fines must record the vehicle details and odometer on the statement and transaction
3. Credit card blocks are to be utilised where provided by the financial institution
4. Payments of private use in nature are to be reimbursed to the same card to streamline audit
5. Payments for travel must have attached evidence of pre-approval

The revised policy was presented to Council's Internal Audit and Risk Committee at its meeting held 9 November 2020. At this meeting the Committee considered the changes and resolved to recommend the changes to Council.

Financial Implications

Nil

Legal and Regulatory Compliance

Local Government Act 1993

Public Finance and Audit Act 1983

Risk Management Issues

Nil

Internal/External Consultation

Narromine Shire Council Internal Audit and Risk Committee

Attachments

2 Corporate Card Policy

Links

3 <https://www.audit.nsw.gov.au/our-work/reports/credit-card-management-in-local-government>

2. CORPORATE CARD POLICY REVIEW (Cont'd)

RECOMMENDATION

1. That Council adopts the changes to the 2020 Credit Card Policy as attached, namely
 - a) Card limits are not to exceed the cardholder's delegated authority limit
 - b) Payments for fuel and fines must record the vehicle details and odometer on the statement and transaction
 - c) Credit card blocks are to be utilised where provided by the financial institution
 - d) Should a purchase for non-Council related business be made in error, reimbursement is to be made to the same card to streamline audit
 - e) Payments for travel must have attached evidence of pre-approval

John Sevil
Director Finance & Corporate Strategy
Responsible Accounting Officer

Attachment 1 **Investments – 30 November 2020**

Financial Institution	Bank Rating	Investment Type/Maturity Date	Investment Rating	Current Rate	Term	Amount (\$)	Comment
Cash & At Call							
CBA	AA-	Business Online Saver - at call	A-1+	1.00%	N/A	4,416,123.00	S&P Short Term
TOTAL						4,416,123.00	
Percentage Exposure of Total Portfolio						19.13%	
Average Investment Yield (annualised)						1.00%	
Pooled Managed Investments							
				Mth %	FYTD%	Market Value	
TCorp	AAA	T-CorplM Long Term Growth Fund		5.68%	6.88%	12,602,007	
TCorp	AAA	T-CorplM Cash Fund		0.05%	0.34%	6,072,188	
TOTAL						18,674,195	
Percentage Exposure of Total Portfolio						80.87%	
Total Investments and Cash						<u>23,090,318</u>	

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CORPORATE CREDIT CARD POLICY

(Internal Policy)

Version	Created/updated by	Adopted by Manex	Review Period
1	Chief Financial Officer	9 December 2013	2 Years
2	Chief Financial Officer	18 November 2015	2 Years
3	Director Finance & Corporate Strategy	19 March 2018	4 years
4	Director Finance & Corporate Strategy	Presented to Internal Audit Committee 25 March 2019 Adopted by Council 10 April 2019	4 years
5	Director Finance & Corporate Strategy	Presented to Internal Audit Committee 9 Nov 2020 Adopted by Council xx xx 2020	4 years

The objective of the Corporate Credit Card Policy is to identify employees who are entitled to a Corporate Card and to outline the responsibilities of Corporate Card users.

The use of corporate credit cards create savings in staff administration time in matters such as arranging transport, accommodation and conference registration.

Council may permit the use of a Council Credit Card by another member of staff so long as the Credit Card Owner sights each month's credit card statement and certifies each months charges are for business purposes prior to someone else approving the credit card statement.

The use of credit cards is not intended to avoid or bypass established governance procurement procedures, but is to be used in accordance with the policy guidelines established to complement existing procurement and payment procedures.

Responsibilities & Procedures

Corporate Credit Cardholders are responsible for:

- Signing the Corporate Credit Card Acknowledgement and Conditions of Use form (**Attachment 1**) on receiving the Corporate Credit Card.
- Ensuring the safe keeping of the Corporate Credit Card and immediately reporting to the issuing bank and Director Finance and Corporate Strategy if the Corporate Credit Card is lost, stolen, damaged or has suspected fraudulent transactions.
- Taking the appropriate measures to ensure the Corporate Credit Card is not used by another person other than the approved cardholder.
- Exercising professional judgement with regards to Internet purchases in regards to the security of the site.
- Not using the Corporate Credit Card without having read and understood the Corporate Credit Card Policy.
- Ensuring that the Corporate Credit Card is used in accordance with Council's other policies, as appropriate.
- Ensuring that expenditure is contained within available budget limits.
- Reimbursing Council for the cost of purchases deemed not to be for the use of Council, or Council related business within a reasonable period of time.
- Ensuring that a tax invoice, receipt, docket or similar source document is obtained for each transaction and given to the Finance Officer with the completed Commonwealth Bank Cardholder Statement form.

- Completing and submitting the Corporate Credit Card Transaction Declaration form when the original source document for a transaction is lost, stolen, mislaid, damaged or not received. **(Attachment No. 2)**
- Completing the Corporate Credit Card Termination of Use Advice form when forfeiting the Corporate Credit Card due to transferring to another position that does not require a Corporate Credit Card, terminating employment with Council, or any other reason that may warrant the forfeiture of the Corporate Credit Card. **(Attachment No. 3)**
- Council credit card holders will not be entitled to any rewards program or access rewards that may be offered as a part of Council incurring expenditure.
- The use of a Corporate Credit Card for business purchases over the internet should be restricted to trusted sites.
- Should a purchase for non-Council related business be made in error, reimbursement is to be made to the same card to streamline audit
- Payments for travel must have attached evidence of pre-approval
- Payments for fuel and fines must record the vehicle details and odometer on the card statement and transaction.

Restrictions on Use

The Corporate Credit Card cannot be used to obtain cash.

Purchases must only be for the use of Council, or Council related business, and not for private or personal use, unless those expenses are accrued during the course of Council business.

Credit limits for card use will be determined by the General Manager on a case by case basis and must not exceed the cardholder's delegated authority limit.

Entitlement to be Issued with a Council Corporate Credit Card

Entitlement to a Council Corporate Credit Card shall be determined in writing by the General Manager, but will normally be limited to:

- Department Directors;
- Managers of operational areas of Council business requiring a level of delegated purchasing capability.

Controls on Purchases

The use of Corporate Credit Cards is subject to Council and the Commonwealth Bank controls, policies and procedures.

The Director Finance and Corporate Strategy will perform reviews on individual Corporate Credit Cardholder's Statements to ensure that the Corporate Credit Card Policy is being adhered to and will table the review at Council's Internal Audit Committee. The review report will be accompanied by a summary of each Council position that has a credit card, the annual usage and average monthly spend for each card.

Failure to comply with the conditions as detailed within this Policy may result in the cardholder's entitlement to a Corporate Credit Card being revoked and disciplinary action being taken.

Termination of Use

In the event that a cardholder's entitlement to a Corporate Credit Card has been terminated for reasons such as:

- (i) termination of employment;
- (ii) re-assignment to another position within Council;
- (iii) failure to comply with the conditions of this Policy; or
- (iv) any other reasons as determined by the General Manager,

The Corporate Credit Card, together with all supporting documentation and other relevant documentation, with a completed Termination of Use Advice form, must be forwarded to the Director Finance and Corporate Strategy.

Review

The Corporate Credit Card Policy will be reviewed every four years. The General Manager reserves the right to vary this Policy at twenty-four (24) hours' notice.

Relevant Legislation and Council Policies

Council's Fraud Control Policy
Council's Procurement Policy
Council's Code of Conduct

CORPORATE CREDIT CARD ACKNOWLEDGEMENT & CONDITIONS OF USE

To the General Manager

I (card holder's name) acknowledge receipt of a Narromine Shire Council Corporate Credit Card and acknowledge that I:

- (i) am aware of my responsibilities and duties as a Corporate Credit Cardholder under Procurement Policy and Corporate Credit Card Policy.
- (ii) will only use the Corporate Credit Card within the approved financial limits and for approved business purposes.
- (iii) am aware that transactions made with the card are subject to authorisation and audit procedures.
- (iv) will reimburse Council for the cost of purchases that are deemed not for the use of Council, or Council related business.
- (v) will keep the card safe from unauthorised use at all times.
- (vi) will return the card to the Director Finance and Corporate Strategy:
 - (a) on request of the General Manager;
 - (b) prior to my assuming duties in another position within Council; or
 - (c) on termination of employment with Council;
 - (d) within a reasonable period of time once it has been deemed by the General Manager that I no longer require a Corporate Credit Card.
- (vii) will advise the Director Finance and Corporate Strategy and the Commonwealth Bank customer service department immediately I am aware that the Corporate Credit Card has been lost, mislaid, stolen or misused.
- (viii) will use other means available for purchases when efficient and appropriate to do so rather than use the Corporate Credit Card.
- (ix) will provide tax invoices for all transactions listed on each monthly statement.
- (x) any breach of the Corporate Credit Card policy may result in disciplinary action in accordance with the LG State Award and relevant Council Policies as well as credit card cancellation.
- (xi) will not use the card for cash advances or cash withdrawals.

.....
Corporate Credit Card Holder's
signature

Date.....

.....
General Manager's
signature

Date.....

Statutory Declaration
OATHS ACT 1900, NSW, NINTH SCHEDULE

I,, of

[name of declarant] *[residence]*

do hereby solemnly declare and affirm that the following transactions were incurred in the course of official Council business:

Purchase Date	Name of Supplier	Description of Item	Price (excl GST) \$	GST \$	Price (incl GST) \$	Nature & Purpose of Transaction	Reason for no Supporting Documentation
Example: 12/01/2017	Regional Express	Return airfare from Dubbo to Sydney	81.82	8.18	90.00	LGMA Conference	Receipt was misplaced at conference

[the facts to be stated according to the declarant's knowledge, belief, or information, severally]

And I make this solemn declaration, as to the matter, according to the law in this behalf made – and subject to the punishment by law provided for any wilfully false statement in any such declaration.

Declared at: on

[place] *[date]*

.....
[signature of declarant]

in the presence of an authorised witness, who states:

I,, a

[name of authorised witness] *[qualification of authorised witness]*

certify the following matters concerning the making of this statutory declaration by the person who made it:

.....
[signature of authorised witness]

.....
[date]

ATTACHMENT 3

CORPORATE CREDIT CARD TERMINATION OF USE ADVICE

This form is to be completed and forwarded to the Director Finance and Corporate Strategy.

The Corporate Credit Card with all supporting documentation for any outstanding transactions must be returned with this form when the use of the Corporate Credit Card is terminated by the General Manager.

Cardholder Details

Cardholder's name:

Position:

Account number:.....

Cardholder's signature:

Acknowledgement of Receipt by Director Finance and Corporate Strategy

I declare that the Corporate Credit Card and relevant items have been forfeited.

Signature Date.....