



Committee and Date

Audit Committee

16 June 2011

10.00am

Item

22

Public

BRIEFING NOTE ON COUNCIL CREDIT CARD PROCESSES

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1. Summary

- 1.1 Following a request from Members, this report sets out the general processes behind the management of Shropshire Council's credit cards.
- 1.2 There are currently six cards in use; no new cards have been issued since 2008. The annual spend was approximately £35,000 in 2010/11.
- 1.3 An internal audit of credit cards is included in the 2011/12 annual plan, the result of which will be reported back to Committee.

2. Recommendation

- 2.1 That members accept the position as set out in the report.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 Credit cards provide a cost effective and alternative way of paying for services and goods. They are especially of benefit when transactions have to be paid for electronically or in advance of goods and services being received or delivered, i.e. payment without order.
- 3.2 Good management of credit cards can prevent the risks of reputational damage and financial loss.

3.3 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998. There are no direct environmental, equalities, consultation or climate change consequences of this proposal.

4. Financial Implications

4.1 Approximately £35,000 was spent in total on credit cards in 2010/11.

5. Background

5.1 Members have asked for an update to Audit Committee on the processes in place behind Shropshire Council's credit card usage. This follows a number of enquiries received from the public following articles in the Daily Telegraph, week ending 29 May 2011, which raised the issue of potential credit card scandals at councils by staff and councillors where excessive spending was made on items such as hospitality, travel and gifts.

5.2 The Council presently has six credit cards and no new cards have been issued since 2008. Appendix A sets out the processes for the issue and reconciliation of credit card usage.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)
None
Cabinet Member (Portfolio Holder) Keith Barrow, Leader of the Council and Brian Williams, Chairman of Audit Committee
Local Member All
Appendices Appendix A: Credit Card Processes

Credit Card Processes

1. Cards are issued by Treasury Services to named individuals who are responsible for the security and appropriate use of the cards.
2. Users access guidance for the use of credit cards through the Intranet in the Corporate Finance Manual.
3. All credit card applications require authorisation by the Section 151 Officer.
4. Card holders sign an indemnity form to acknowledge the use of the card on its receipt, see **Annex A**.
5. Each cardholder has a specific monthly card limit, up to a maximum of £5k.
6. Purchases are made and evidence of spend retained.
7. Statements are received monthly by Corporate Finance from the credit card company and paid.
8. A copy of the statement is sent to the cardholder.
9. The cardholder verifies the statement to receipts, ensures expenditure is coded and authorises spend.
10. The copy statement is returned to Corporate Finance and the amounts journalled to the appropriate cost centre.

Instructions for the use of Shropshire Council/ NatWest Business Cards.

Introduction

Before receipt of the business card, the officer must read the following instructions and provide the signature requested. The signed document will be retained by Treasury Services and the officer will be provided with a copy.

Instructions

1. The business card must only be used for expenditure wholly and necessarily incurred on Shropshire Council business and in no circumstances must the card be used for personal or private expenditure.
2. The current credit limit for the card is £..... It is not permitted to incur expenditure in excess of this limit.
3. The officer must provide receipted bills and relevant business card vouchers for all expenditure incurred.
4. Any expenditure which appears on the monthly statement, if not supported by vouchers or justified as approved expenditure will be deducted from the officer's salary.
5. In addition to the above the officer must ensure that he/she is familiar with the conditions imposed by the bank, in particular:-
 - Only the card holder may use the card.
 - The cardholder will exercise all possible care to ensure the safety of the card and not disclose the number of the card to any third party except for the purpose of an actual transaction or when reporting the loss of the card.
 - If the card is lost or stolen or for any other reason liable to misuse, the cardholder must ring **immediately the NatWest Customer Services Centre on 0870 909 3701 / 0870 600 0459 (24hr Service)** and confirm in writing within 7 days to National Westminster Bank, Southend Card Centre, Southend - on - Sea, Essex, SS99 0YY

Confirmation

I confirm that I have read and understood the above conditions and give my consent to expenditure covered by paragraph 4 above being recovered by a single deduction from my salary.

Signature Date

Name Department/
Establishment

Designation Cost Centre