

**Submission
No 11**

**EXAMINATION OF THE AUDITOR GENERAL'S PERFORMANCE AUDIT
REPORTS JUNE - DECEMBER 2020**

Organisation: Shellharbour City Council

Date Received: 15 September 2021



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Council reference: ECM 11717486

15 September 2021

Mr Bjarne Nordin
Committee Manager
Parliament of New South Wales

Emailed to: PublicAccountsCommittee.PAC@parliament.nsw.gov.au

Auditor-General's performance audit report – credit card management in Local Government

Dear Mr Nordin

I am writing on behalf of Shellharbour City Council to provide an update on Council's response to the Auditor-General's report Credit card management in Local Government tabled on 3 September 2020.

As requested in your letter dated 11 August 2021 a summary outlining the actions taken to date to address the recommendation raised in the audit has been provided in Attachment 1: Implementation of Recommendations.

If you have any questions regarding this information, please contact me on [REDACTED].

Yours sincerely

[REDACTED]

Katie Buckman
Chief Financial Officer

Attachment 1: Implementation of Recommendations

Shellharbour City Council Credit card management in Local Government

Recommendation	Accepted or Rejected	Action to be taken	Due date	Status and comment	Responsibility
1 Ensure cardholders stop sharing their credit card with other staff.	Accepted	<ul style="list-style-type: none"> Ensure the credit card policy explicitly states that sharing of cards is prohibited 	31 December 2021	<ul style="list-style-type: none"> A targeted email was sent to all credit card holders to reinforce that the sharing of credit cards is prohibited. The requirement to not share cards is explicitly stated in the draft changes to the credit card policy. It is anticipated the draft policy will be presented to Council by 31 December 2021. 	Finance
2 Clarify in the credit card policy and procedures: <ul style="list-style-type: none"> eligibility criteria for a credit card the use of blocking codes reconciliation arrangements for the general manager's credit card fuel card management policy and procedures (with more details) 	Accepted	<ul style="list-style-type: none"> establish eligibility criteria and include in amended credit card policy include blocking codes on the Corporate card application form for approval Independent review of General Manager's corporate card already in place. Add the review process to the amended credit card policy Create a fact sheet that is to be provided and acknowledged by staff when they receive a fuel card. 	31 December 2021	<ul style="list-style-type: none"> Eligibility criteria has been created and included in the draft changes to the credit card policy Corporate Credit Card Request Form has been updated to include additional blocking code information, and blocking code information has been included in the draft changes to the credit card policy Internal procedural documents have been updated to document CFO's approval of CEO corporate credit card, and CEO's approval of Mayoral credit 	Finance

3	<p>Ensure that credit card management practices include:</p> <ul style="list-style-type: none"> • monitoring credit card limits in line with financial delegations • providing approvers with targeted guidance • keeping the credit card register up-to-date, accurate and complete 	Accepted	<ul style="list-style-type: none"> • Implement CBA Corporate Card Manager to track total facility limits and usage • Create email distribution lists for credit card users and credit card approvers to share targeted information • Identify software solutions to establish a register of credit card holders • Review the current register of credit card holders to ensure it is up to date • Create internal process documentation that details the 	31 December 2021	<ul style="list-style-type: none"> • All Team Leaders have a \$5k delegation, and all credit card application forms require approval by Group Manager/Director, and CEO who have delegation >\$5k. • Email group established for holders and approvers – narration guidelines have been sent to all staff involved in credit card usage/approval/review. • CBA Corporate Card Manager has been established and utilised as 	<p>card. This approval is happening due to the system requirements set up in the TechOne Purchase Card module. This has been included in the draft changes to the credit card policy</p> <ul style="list-style-type: none"> • Existing credit card policy and internal process documents both state that fuel is only to be purchased on credit cards in exceptional circumstances. In addition, a "Do's & Don't" fact sheet has been prepared and is provided to anyone who is allocated a fleet vehicle/fuel card. <p>It is anticipated the draft credit card policy will be presented to Council by 31 December 2021.</p>	Finance
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	<ul style="list-style-type: none"> maintaining complete and accurate records updating the training material to reflect the latest policy and procedures 		<p>credit card reconciliation process for users and approvers</p> <ul style="list-style-type: none"> Create a set of guidelines that assist staff in completing the monthly reconciliation process Implement a process that requires new card holders to acknowledge or re-acknowledge the credit card policy in Pulse (Policy management portal). 		<p>real time credit card register. This is maintained by Finance and is up to date.</p> <ul style="list-style-type: none"> CBA Corporate Card Manager has been established and utilised as real time credit card register. Updating the training material to reflect the latest policy and procedures – Internal procedure documentation has been prepared, and published, which step staff and approvers through the credit card reconciliation process. Credit card narration guidelines have been prepared and shared through the credit card user and approvers email distribution list. 	
4	<p>Ensure reconciliation involves:</p> <ul style="list-style-type: none"> scrutinising business-related purposes and incident details of transactions keeping a record of the finance team's review of transactions checking travel pre-approval forms (where applicable) 	Accepted		31 December 2021	<ul style="list-style-type: none"> Executive Leadership Team perform a line by line review of transactions monthly. New field has been created in the Purchase Card module of TechOne (in test mode) to confirm that transactions are a business related purchase. This is expected to go live by October 2021. Email trail exists of Finance's review of transactions. This includes 	Finance

	<ul style="list-style-type: none"> • recording vehicle details and mileage when credit cards are used in place of fuel cards • ensuring no split transactions 				<p>review by CFO and Manager Financial Services</p> <ul style="list-style-type: none"> • Narration guidelines have been sent and provided and address pre-approval. Additional mandatory field has been added in to Purchase Card module [Test] that will require staff to check and select Y/N/NA as to whether pre-approval is required and that the required pre-approval form has been attached for specific transactions. This is expected to go live by October 2021. • Additional free text field has been added in to the Purchase Card module [Test] for staff to include vehicle details and mileage for any fuel transactions. This is expected to go live by October 2021. • Finance currently review for possible split transactions and the requirement to not split transactions is specifically address in Council's Procurement policy, as well as the draft changes to the credit card policy. <p>It is anticipated the draft credit card policy will be presented to Council by 31 December 2021.</p>	
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5	Develop a plan for periodic reviews (e.g. internal audit) of credit card use and management	Accepted	<ul style="list-style-type: none"> Develop an internal review timetables in consultation with Governance Team 	31 December 2021	An internal review plan has been drafted as is included in the draft changes to the credit card policy.	Finance and Governance
6	Ensure its credit card policy and procedures are reviewed according to schedule	Accepted	<ul style="list-style-type: none"> Present amended credit card policy to Council by 31 December 2021 Add the Policy into Pulse to ensure monitoring of periodic review is performed by Governance 	31 December 2021	<p>It is anticipated the draft credit card policy will be presented to Council by 31 December 2021.</p> <p>The policy outlines the required timeframe for periodic review. This will be added to Council's internal policy review register and compliance with review requirements will be monitored by Council's Governance team.</p>	Finance and Governance