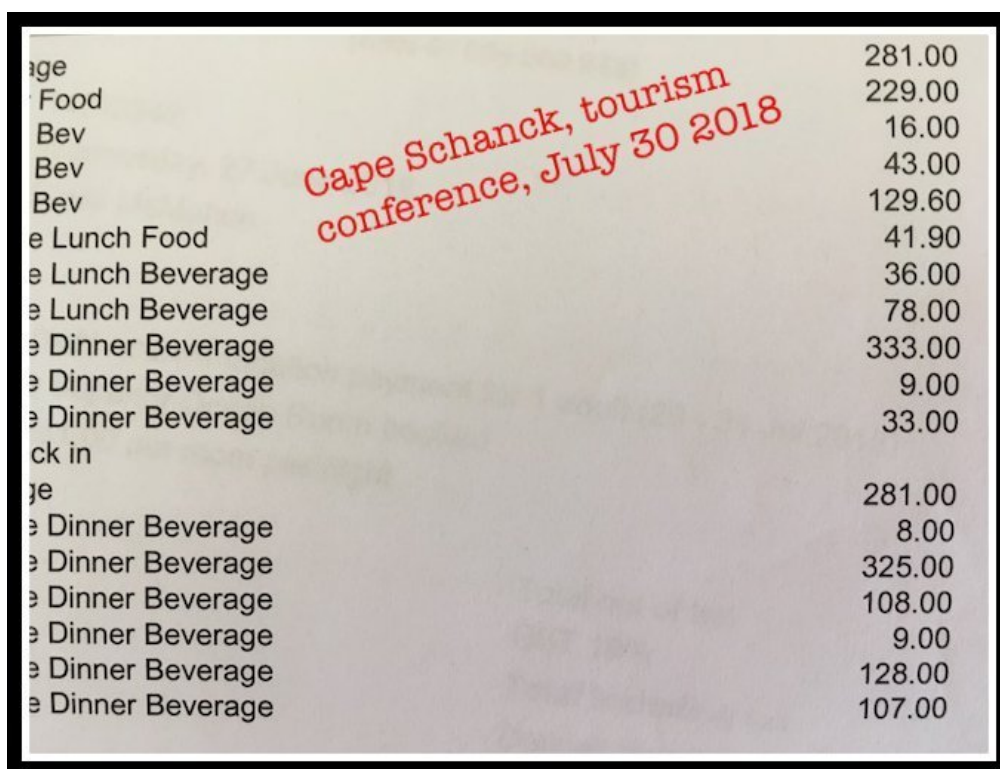


Drinks on us: W'bool City Council's corporate credit cards



age	281.00
Food	229.00
Bev	16.00
Bev	43.00
Bev	129.60
e Lunch Food	41.90
e Lunch Beverage	36.00
e Lunch Beverage	78.00
e Dinner Beverage	333.00
e Dinner Beverage	9.00
e Dinner Beverage	33.00
ck in	
ge	281.00
e Dinner Beverage	8.00
e Dinner Beverage	325.00
e Dinner Beverage	108.00
e Dinner Beverage	9.00
e Dinner Beverage	128.00
e Dinner Beverage	107.00

A snapshot of Warrnambool City Council corporate credit card use in action. This sample – with my words in red added – comes from a tourism conference held at Cape Schanck last year.

Carol Altmann – The Terrier

How to save \$700,000 in seven days, instalment #3:

Take a good, close look at the photograph at the top of this page, because you – if you are a Warrnambool City Council ratepayer – ultimately paid for this hospitality.

It is a snapshot of one invoice from a council delegation to a Victorian tourism conference held at the RACV Cape Schanck resort last July, which [I wrote about last month](#).

Seven council representatives attended that two-day conference, at a total cost of around \$10,000.

My first thought when I saw this snapshot was how do you spend several hundred dollars on beverages in one sitting unless you are buying drinks for a lot of people, which may be the case, or drinking gallons of soft drink or juice, which I doubt, or buying expensive drinks in the first place?

Regardless of the answer, it is your rates at work.

This sort of spending came just months before the council announced it wanted your opinion on whether it should cut services or raise rates by breaking the rate cap just three years after it was applied by the State Government.

I am still working on a much deeper investigation into council credit card usage, which I started last September, and it will be some time yet before I can publish anything in detail.

In the meantime, however, I can tell you how many corporate credit cards the council has in use: 81.

81.

I don't know about you, but I was stunned to learn that there are 81 active credit cards in use among council staff. It seems a lot.

No cards are issued to the Mayor or councillors.



Warrnambool City Council has 81 active corporate credit cards for a full time equivalent staff of 390 people. Image: Commbank.

How on earth does the council keep track of all the transactions on 81 credit cards? Who has one and what are the annual spending limits for each?

Let me take those questions separately.

There is a system in place to prevent outright fraud – more on that in a minute – but I wondered about the items being bought in the first place.

Who approves the initial spending, such as the hundreds of dollars of drinks toted up over dinners at Cape Schanck?

Is there more of that sort of spending and for what purpose? (I lodged a Freedom of Information application in October to help answer these questions. It is still being processed – FOI can be gruelling, but thanks to those who donated to The Terrier Tip Jar, I can see it through.)

The council doesn't have a credit card policy, but it does

have [a procurement policy](#) which sets out how financial transactions are handled.

According to the council (you can [read the full statement in response to my initial questions here](#)), this policy ensures there are a series of checks and balances in place.

These include the staff member providing a tax invoice or a statutory declaration for each credit card purchase.

These are approved by a manager/supervisor, after which it is sent further up the chain to the card administrator, in the council's Financial Services team, who makes sure it fits within the rules.

The system, which apparently saves time compared to the purchase order/invoice system which is still used for other goods, has been reviewed by the Audit and Risk Committee and, the council says, found to be working just fine.

But is it? I am hoping to answer that more fully down the track.

Purpose
The purpose of this policy is to set out the framework by which corporate credit cards will be issued and used.

Background
Council currently has a corporate credit facility of \$30,000. Whilst it is important to provide a convenient and efficient method of purchasing during business travel, and for telephone and internet purchases, it is equally important to ensure that all transactions adhere to acceptable internal control requirements.

Policy
Corporate credit cards will be issued with the following credit limits:

• Mayor	\$2,500
• Chief Executive Officer	\$7,500
• Organisation (held by Director Corporate Services)	\$15,000

Cards will not be authorised for cash advances.

An excerpt from the Northern Grampians Shire credit card policy which clearly outlines who has corporate

cards and their annual limits.

The second half of this investigation is working out which staff positions have corporate credit cards and what the credit limits are for each.

I thought this was a super simple question, especially when Northern Grampians Shire, for example, puts this information on its website for all to see.

But no.

Council spokesman Nick Higgins said today that the release of such information could lead to credit card fraud (such as that [outlined in the link here](#)).

I fail to see how you knowing that I have a \$5000 limit on my credit card could lead to fraud, especially if you don't have my card number, expiry, CCV, pin, signature or any other details.

Corporate credit card usage and expenditure isn't included in [the council's survey](#) on its push to break the rate cap above 2.5%: it should be.

More tomorrow.

If you would like to see The Terrier keep digging up, sniffing out and chewing on local issues, please make a small contribution below.

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