

TOKOLOGO LOCAL MUNICIPALITY



CREDIT CARD POLICY

**This policy was adopted by the Tokologo Local Municipality on the
..... by Resolution Number**

NOTES:

1. The Council's role is to set and approve the policy. The administration of the policy, including all matters pertaining to authorisations, is clearly an administrative matter and as such the sole responsibility of the municipal manager.
2. To ensure the effective implementation of the policy, it will be advisable for the municipal manager to delegate to the CFO the control functions set out in Part 3 of this policy. Obviously, the internal audit unit should undertake periodic checks on the effectiveness of these controls.

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PART 1 AUTHORITY TO ISSUE OFFICIAL TOKOLOGO LM CREDIT CARDS TO POLITICAL OFFICE BEARERS AND OFFICIALS

The municipal manager is authorised to use an official Tokologo LM credit card within the ambit of the principles outlined in this policy, and is further authorised to issue such credit cards to the mayor, speaker, and chief whip members of the executive committee and heads of municipal departments.

The authority to issue or withdraw such cards to such office bearers and officials shall at all times be at the discretion of the municipal manager, and in exercising such discretion the municipal manager shall be guided by the extent to which the holder of the card adheres to these policy principles and the effectiveness of the controls outlined in Part 3 below.

PART 2 PURPOSES FOR WHICH OFFICIAL CREDIT CARDS MAY BE USED

The sole purpose of issuing and using official credit cards is to facilitate payments for certain specified official transactions, as set out below, where such payments may otherwise represent a possible financial burden or inconvenience for the political office bearer or official concerned.

Official credit cards may be used to effect payment for the following transactions:

- authorised official travel arrangements for air, train, bus travel and car hire;
- authorised accommodation and subsistence expenses incurred on council business; and
- entertainment expenses incurred on council business.

All the above payments may be made only if the relevant expenses are authorised and incurred within the principles outlined in the council's policy on subsistence and travel, and provided there is sufficient unspent provision on the budget line-item against which the expenditure must be charged.

PART 3 CONTROLS

As the use of official credit cards can easily lend itself to abuse, the municipal manager shall introduce and implement a system of controls which shall comprise at least the following measures:

- the official credit cards shall be obtained from the same financial institution;
- the municipal manager shall determine an appropriate credit limit to be placed on each card, and shall ensure that the financial institution concerned adheres to this limit;
- different limits may be imposed on the various cards issued, depending on the reasonable needs of the cardholder in relation to the authorised purposes for which each card is to be used;
- the municipal manager shall ensure that the credit card statements prepared by the financial institution concerned are made available on-line through internet access to the municipality, and that all transactions appearing on such statements are scrutinised daily to ensure that no abuse of the credit card system has taken place;
- if any abuse is detected or suspected, the official charged with scrutinising the statements shall immediately report the matter to the municipal manager, who shall either immediately apply the penalty envisaged in Part 4 below – or if there is uncertainty as to whether a

particular transaction infringes the principles of this policy – shall immediately investigate the matter; and

- all cardholders shall present physical proof of their credit card transactions for each calendar month to the municipal manager on the last working day of such month in such form as the municipal manager determines, and shall complete such further supporting documentation as the municipal manager requires to ensure that such payments are allocated to the correct budget line-items.

PART 4 PENALTIES FOR ABUSE OF SYSTEM

Once any abuse of the system has been detected, the municipal manager shall promptly withdraw the relevant credit card from the offending cardholder or have the card immediately cancelled if the physical withdrawal cannot be expeditiously implemented.

Thereafter the municipal manager shall apply the procedures relevant to the incurring of unauthorised expenditure as prescribed in the Municipal Finance Management Act.

Any use of an official credit card for personal transactions shall constitute an abuse of the system.

PART 5 FLEET CARDS AND PETROCARDS

The municipal manager is authorised to issue fleet cards or petrocards to such officials as he considers necessary in the best interests of the municipality's business, and such cards shall be issued on the same conditions and subject to the same policy principles as those applicable to other official credit cards.