

Purchasing Cards – the good, the bad and the ugly!



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“ City of Greater Dandenong is not a leading Council in terms of using and managing Purchase Cards – but this offers a chance for all to learn from areas we need to improve in”

Some background to Purchase cards at City of Greater Dandenong

- We have approximately 75 cards in use (Commonwealth Bank)
- Average spend per month is around \$30k;
- Average number of transactions per month is 195
- Average number of cards that are relatively inactive (below 3 transactions per month) is 12
- Purchasing delegations range from \$1,000 - \$10,000 with a maximum daily transaction of \$300 on cards below \$2,000.
- We use an authorisation system called Corporate Card Navigator

What are the key learning's from City of Greater Dandenong's experiences

Get your Policy right at the start

- What can purchase cards be used for?
- Are they a convenience tool – or are you seriously going to try and use them as a procurement method?
- The battle between the front page test and keeping the purpose very restricted versus making having a card worthwhile?
- Who can authorise the issuing of a card?
- Card holder declarations and signed commitments to abide by Policy conditions
- Cards not to be used for personal purposes – irrespective of later reimbursements.

Internal Control Issues

- Ensuring receipts are kept – and the requirement to continually re-inforce this requirement;
- Is Finance prepared to audit this outcome? Take cards away for non-compliance?
- Get the delegation levels right;
- Ensure authorisation of expenses is done both correctly and in a timely fashion;
- Inactive cards – regular review on whether to retain these;
- Need for Finance to reconcile accounts monthly;
- Dealing with terminated staff. Cancelling cards;
- FBT allocations done - staff need training on this;

Positives of Purchase Cards

- Used well they do reduce petty cash and with a better authorisation process;
- Much more efficient for small purchases than the Purchase Order process;
- Provides a mechanism to purchase on-line products (e.g. IT)

The Challenges

- Unlikely to really succeed as a large volume purchasing tool;
- The politics of credit cards and the front page test;
- Dealing with the range of additional administration and control issues that come with them.

