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



Mick Jaensch 1 March 2012



" 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

🕾 Resource Navigator - [Corporate Card	Navigator]
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File Supervisor Help

File Supervis	sor	1elp			
Customer A		untNo 5550052300081522		[	Hide Accepted by Supervisor
		stomer Mick JAENSCH			Show All Show only Accepted by Supervi
			Number of Transactions	L	<ul> <li>Show only Accepted by Supervi</li> </ul>
		Aq	ccepted (Y/N) —		
Date	Ref	Details	Amount A N		
06/09/2011	DR	Rmit Training Pty Ltd Melbourne	395.00 Y 1	Accepted (Y/	"N) — GST (*)
14/09/2011	DR	Qantas Mascot	811.40 Y 1 A	ccount Code	A Amount G GST Amt
14/09/2011	DR	Jetstar Melbourne	1,532.00 Y 1		
16/09/2011	DR	Fairfax Media Group12 Pyrmont	1,089.00 Y 1		
16/09/2011	DR	Company Search Aust Sydney Nsw	29.00 Y 1		
16/09/2011	DR	Company Search Aust Sydney Nsw	30.00 Y 1		
21/09/2011	DR	Punthill Apartment South Yarra Vic	666.00 Y 1		
29/09/2011		Company Search Aust Sydney Nsw	5.90 Y 1		
03/10/2011	DR	Cafe Sapore Waverle Glen Waverlevic	246.00 Y 1		
06/10/2011	DR	Wilson Parking Mel2 Melbourne Vic	26.52 Y 1		
19/10/2011	DR	Punt Hill Ho 1 South Yarra Vic	620.00 N 0		
21/10/2011	DR	Punt Hill Ho 1 South Yarra Vic	666.00 N 0		
28/10/2011		Wilson Parking Mel2 Melbourne Vic	26.52 Y 1	OTAL inc. GST	0.00
29/11/2011	DR	Greyhound Promtns Springvale Vic	52.00 Y 1		
02/12/2011		Wilson Parking Mel0 Melbourne Vic	58.14 Y 1	ST Account (pre se 1 5000 4770 0	t) GST Total 000 0.00
09/12/2011		Punt Hill Ho 1 South Yarra Vic	862.00 N 0		0.00
13/12/2011		Arco Cafe M1 Lyndhurst Vic	429.80 Y 1		
21/12/2011		Cpa Australia Ltd Melbourne	630.00 N 0		
22/12/2011		Caesars Bar Restaura Frankston	276.80 Y 1		
22/12/2011		Cpa Australia Ltd Melbourne	630.00 N 0		
23/12/2011		Punt Hill Ho 1 South Yarra Vic	166.00 N 0		
07/02/2012		Moonah Links Hotel Fingal Vic	4,099.00 N 0		
Transactions in Transactions in		<ul> <li>require you to nominate whether an FBT form is re ion means a FBT form has been received by Finan</li> </ul>			

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# 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 reinforce this requirement;

- Is Finance prepared to audit this outcome? Take cards away for noncompliance?
- •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.

