



**Report to the Board**

**18 July 2019**

---

**Title:** Review of Credit Card Acceptable Use Policy and Procedures

**Report of:** Finance Business Partner

---

**Purpose of Report**

1. To approve an updated Credit Card Acceptable Use Policy and Procedures.

**Background**

2. The Gateshead Housing Company (TGHC) has held a corporate credit card since 2006 for the purchase of items in relation to business needs.
3. Following an internal audit report in May 2016, it was found that TGHC had no specific policy in relation to acceptable use of the credit card and it was recommended that a policy and procedures were produced in order to safeguard the Company's resources and provide employees with assurance that the card was being used appropriately.
4. A TGHC 'Credit Card Acceptable Use Policy and Procedures' was developed and was approved by Audit Committee on the 26 October 2016.
5. Following an internal audit report in April 2019, it was found that the Credit card policy had not been updated to reflect the changes within the Company's Organisational structure and does not consider the additional credit cards that the Company now has.

**Main Changes**

6. The responsibilities within the policy that were previously allocated to the Managing Director have been re allocated to the Interim Managing Director or Finance Manager.
7. The policy has been amended to reference the card held by the Finance Team and that cards will be available to all directors of the Company should they request a card to be set up.

**Discussion by Audit Committee**

8. The updated policy was scrutinised by Audit Committee on 3 July 2019.

9. It was noted that references in the policy to the 'Finance Manager' were referring to the 'TGHC Finance Manager'. It was agreed to make this clearer in the policy.
10. The committee challenged the control mechanisms in place for monitoring any transactions made by the TGHC Finance Manager or if an employee suspected a misuse or fraudulent use by the TGHC Finance Manager. It was agreed that the policy be further reviewed and submitted to Board for approval.
11. The policy has been updated further to reflect the comments and is attached at the Appendix to this report.

### **Link to Values**

12. This report links to the company values of being:
  - Customer Focused
  - Open and Honest
  - Accountable
  - Innovative

### **Risk Management Implications**

13. The policy and procedures ensure that that the strategic risk within the business plan (failure to manage the Company's finances) is effectively controlled.

### **Financial Implications**

14. The financial implications for TGHC are outlined within the report and appendix.

### **Equality and Diversity Implications**

15. There are no equality and diversity implications arising from this report.

### **Health Implications**

16. There are no health implications arising from this report.

### **Environmental Implications**

17. There are no direct environmental implications arising from this report.

### **Value for Money Implications**

18. The Value for Money implications for TGHC are outlined within the report and appendix.

### **Impact on Customers**

19. There are no customer implications arising from this report.

### **Consultation carried out**

20. No consultation required.

**Recommendation**

21. The committee is asked to approve the updated Credit Card Acceptable Use Policy and Procedures.



Credit Card  
Acceptable Use  
Policy and Procedures  
Updated June 20198

# CREDIT CARD ACCEPTABLE USE POLICY AND PROCEDURES

## 1. Purpose

To provide a guide to all employees of The Gateshead Housing Company (TGHC) on the policies and procedures in place for the appropriate use of the company credit card, including the supporting documentation and authorisation required.

All employees are responsible for ensuring that these policies and procedures are complied with to ensure the company credit card is used appropriately and the company finances are safeguarded.

## 2. Scope

This policy and the associated procedures relate to purchases made on the TGHC company credit card and should be used in conjunction with the company's other relevant policies and procedures including the:

- Financial Regulations
- Code of Conduct for Employees
- Contract Procedure Rules
- Information and Communication Technology Security Policy
- Fraud and Corruption Policy

By complying with these regulations, employees responsible for purchasing items on the credit card will gain assurance that they have followed the appropriate financial procedures.

## 3. Overview

TGHC will hold one credit card account with an appropriate credit limit to meet business needs, as agreed by the Interim Managing Director and the TGHC Finance Manger-Business Partner. ~~The account has four credit cards. One credit card for this account will be held by the Managing Director, one by the Director of Business and Development and one by the Director of Property and Assets. All TGHC directors will be able to request a card is issued in their name should they require a card~~ for use outside of TGHC head office. One credit card will be ~~retained-held~~ by the TGHC Finance Team at head office for use corporately.

As per the card issuers application form (terms and conditions) the business contact for the account ~~will be the Managing Director, with the and the~~ account administrator ~~being-will be~~ the TGHC Finance Manager. ~~The appropriate documents should be retained as evidence for audit purposes.~~

The company credit card is only to be used in circumstances where normal ordering procedures are:

- Not available
- Not suitable; or
- Improved value for money can be evidenced.

The company credit card is only available for use by the named cardholder when offsite and the TGHC Finance Team onsite. All onsite requests for credit card purchases must be approved by the TGHC Finance Team who will order the goods/services and process the transaction on behalf of all other employees, subject to the above usage criteria being met.

No other employees should make purchases using the credit card or have access to the payment card details or PIN number. Employees should raise concerns with the TGHC Finance Team or Corporate Executive Management Team immediately if these conditions have been breached.

Employees are responsible for ensuring adherence to all processes and controls set out in this policy and procedures document. Failure to comply with this policy may result in card use being suspended or withdrawn.

Misuse of the company credit card may constitute gross misconduct. TGHC reserves the right to require repayment from the relevant employee of any sums relating to their misuse of the card and to invoke TGHC's Disciplinary Procedure. This may also result in criminal prosecution for theft or fraud.

Use of the credit card, the agreed credit limit and cardholder access will be reviewed on a continual basis to enhance security and minimise potential liabilities and costs. Credit cards that are no longer required will be cancelled with immediate effect.

#### **4. Conditions of Use**

The company credit card should only be used for the purchase of goods or services consistent with the operational requirements and needs of TGHC (or Keelman Homes), where normal ordering procedures are either not available (e.g. out of hours) or have been considered as inferior (e.g. more expensive or time consuming).

- The Finance Team must ensure that any purchases made do not breach the agreed credit limit of £20,000.
- Employees must ensure that adequate TGHC budgets are available to cover the cost of the expenditure before it is incurred.
- The company credit card **must not** be used for purchases of a personal nature or for non-business related transactions under any circumstances.
- The credit card must only be used for card payment transactions. Direct debits, standing orders or online banking facilities **must not** be used.
- The credit card **must not** be used to obtain cash, either from an ATM or as part of 'cashback' during a card purchase transaction, under any circumstances. Other procedures are available where cash is required for emergencies or at short notice. For further advice please contact the Finance Team.
- Any purchases on behalf of Keelman Homes must be recovered in line with the credit card statement reconciliation.

Full supporting documentation must be provided to the TGHC Finance Team, and be retained by them, for all credit card purchases in order to provide an adequate audit trail. This includes:

- The original purchase request details, with authorisation by an operational manager.
- Evidence (e.g. screen dumps from the internet) of why the purchase of goods or services is required on the credit card and not through the normal order process:
  - Purchase is more cost effective
  - Purchase is required urgently
  - Purchase is being made out of hours
  - Supplier does not accept purchase through the normal order process
- Purchase receipts, invoices and goods received notes including all relevant supplier details and the VAT Breakdown (where applicable).

If it is required that an account needs to be set up before an order can be placed e.g. Amazon, eBay etc. then only the TGHC Finance Team are authorised to set up an account on TGHC's behalf. All passwords and account details will be retained within the TGHC Finance Team and will not be disclosed to any other persons.

The TGHC Finance Team retain full discretion to use the most appropriate method of purchasing in relation to all individual transactions and will make the final decision on how an item will be procured.

The Director's must keep their company credit card in their personal possession at all times. The Director's must not allow other persons to use the company credit card under any circumstances.

The TGHC Finance Team will retain the credit card for corporate use within a locked box in the safe. Only the TGHC Finance Team will have access to the keys for the locked box and the safe combination.

## **5. Reconciliation of Credit Card Statements**

Credit card statements will be received and reconciled by the TGHC Finance Manager on a monthly basis. All employees must ensure that all supporting documentation is forwarded to the Finance Team with immediate effect after making a purchase, or at least by the 15<sup>th</sup> of each month.

In order to achieve the appropriate segregation of duties, purchases will only be made by the Payments Officer, the Accounts Assistant or the Finance Admin Assistant and checked and verified to the credit card statement by the TGHC Finance Manager.

The TGHC Finance Manager will reconcile the monthly credit card statements ensuring:

- All supporting documentation is attached and accurate
- Ordering procedures have been adhered to
- VAT has been correctly identified
- All relevant sums have been recovered from Keelman Homes

Where the TGHC Finance Manager has been directly involved in the purchase of any goods and services, the credit card statement will be checked and verified by another member of the TGHC finance team. an alternative Finance Manager or the Finance Business Partner.—The authorising officer will ensure that evidence of the reconciliation is retained by ensuring the credit card statement is signed and dated as a correct record.

In the event that any unauthorised transactions occur on the account, ~~the Finance Manager should report them~~ they should be reported to the Interim Managing Director, ~~Finance Business Partner~~ and the credit card issuer as a matter of urgency.

Once supporting documentation and credit card statements have been reconciled, they will be approved for processing in line with TGHC Financial Regulations and coded correctly to Agresso.

The TGHC Finance Manager is responsible for monitoring and checking credit card usage to ensure strict compliance with TGHC policy and procedures and in line with the agreed credit card limit. Any instances of non-compliance must be reported to ~~the Finance Business Partner or~~ the Interim Managing Director as a matter of urgency.

## **6. Security**

Cards should be signed by the named cardholder as soon as they are received and set up of the card must be completed, prior to card usage, in line with the card issuers guidelines.

The unique Personal Identification Number (PIN) that is received with the card should be changed to a more appropriate, memorable TGHC PIN prior to card usage. The PIN number must be kept secret, must never be written down and should not be shared with anyone under any circumstances, including to other TGHC employees. Only the Director's and the TGHC Finance Team will be aware of the PIN.

In order to further safeguard card security, the following general principles should also be followed:

- Whilst making purchases, employees are not to lose sight of the card to reduce the chance of someone 'skimming' the details i.e. using a device to copy details from the card
- Look out for suspicious devices on key pads
- Check the receipt is correct in relation to the amount and type of goods/services purchased before the pin is entered or payment approved, and request and retain all the relevant receipts
- Destroy any unwanted or expired cards by cutting through the signature, magnetic strip and chip and disposing of as part of the confidential waste process.
- Report any lost or stolen cards to the TGHC Finance Team and card issuer immediately
- Do not send card details via email or written communication under any circumstances
- Telephone/online payments should only be made with established suppliers with a registered address and verified accreditation. The TGHC Finance Team will be able to provide further advice around the suitability of suppliers.

Further information should be requested where there is uncertainty around the authenticity or appropriateness of a supplier.

- The terms and conditions signed up to with the card issuer as part of the application form must be adhered to at all times.

In addition, the following needs to be considered when purchasing goods online in order to protect card details and prevent against unauthorised usage:

- All onsite purchases should be made via the [TGHC](#) Finance Team on Finance computers within TGHC Head Office. These computers have the appropriate anti-virus and firewall protection.
- Secure websites will start with https, not http. Secure sites have an added encrypted transaction layer and should be used in all circumstances for online purchases.
- Purchasers must ensure that a secure browser is used in all circumstances. Standard symbols show an intact key or padlock where a site is secure and a broken key or padlock where a site is unprotected.
- If the website gives you the option of using a secure checkout method you must accept this.
- Ensure that a single browser is open when submitting card and personal data.
- The TGHC ICT Development Team will be able to provide further advice and guidance where required, in conjunction with the ICT Security Policy guidelines.

To ensure the controls in place for the use of the credit card are operating effectively, Internal Audit will undertake regular audits of the system and report any findings to the appropriate level of management and to Audit Committee.

## **7. Acceptable Use of the Credit Card**

In accordance with the Employee Code of Conduct, employees must ensure that they use the company's funds entrusted to them in a responsible manner and for the purposes of the business.

The company credit card is only to be used in circumstances where normal ordering procedures are:

- Not available
- Not suitable; or
- Improved value for money can be evidenced.

Though not exhaustive or mutually exclusive, use of the credit card is generally acceptable in relation to the following types of purchases:

- Goods/services needed urgently, such as;
  - Rail travel and accommodation
  - Emergency repairs equipment, tools and sundries
  - Emergency accommodation for tenants
- Goods/services that cannot be acquired through the normal ordering process, such as;
  - Suppliers who only accept payment via credit card e.g. online job adverts

- Online subscriptions
- Telephone orders
- Goods/services that can be purchased more cost effectively, such as;
  - Payment of court fees
  - ICT equipment
  - Tenant-led budget purchases
  - Repairs equipment, tools and sundries
  - Ink cartridges for [TALISMAN Scrutiny Panel](#)
- Goods/services that are required out of hours or offsite, such as;
  - Hospitality to tenants, Board Members, employees and third parties as part of ongoing business requirements, in line with the requirements of the Code of Conduct for Employees and Financial Regulations
  - Emergency changes to travel or accommodation requirements
  - Reciprocation of modest hospitality received from third parties that is reasonable in all circumstances, in line with the Code of Conduct for Employees and Financial Regulations

Use of the credit card is **not** acceptable under any circumstances for the following:

- Personal or non-business related expenses, including expenses with later reimbursement i.e. creating a temporary employee loan
- Tips and gratuities
- To obtain cash, either from an ATM or as part of 'cashback' during a card purchase transaction
- To pay a fine
- Beyond the approved expenditure/credit limit
- In contravention of any TGHC policies e.g. financial regulations, contract procedure rules etc.
- Where use has not been approved by the Finance Team (except use by the Director's when out of hours or offsite).
- Where approval for use has not been properly requested, documented or evidenced. TGHC retain the right to recover costs from individual employees where the required evidence of purchase cannot be provided.
- To pay suppliers who have not been appropriately verified.
- To purchase gifts or prizes specifically for employees where there may be taxable benefit implications. Nectar card points may be used for specific events where there are no taxable benefit implications, subject to prior agreement with the [Interim](#) Managing Director, in conjunction with the [TGHC](#) Finance Manager.
- To purchase gifts, prizes or offer rewards to a third party in contravention of the corruption guidelines in the Code of Conduct for Employees.

## 8. Hospitality

The Company recognises that there are occasions when the credit card may be used in the course of business activities to provide a modest level of hospitality. The Company seeks to manage these expenses in an open and transparent manner to ensure value for money and to safeguard the use of public funds.

For the purpose of this policy, credit card expenditure in relation to hospitality must be able to demonstrate that it:

- Has been incurred necessarily and exclusively for the business of TGHC
- Provides a benefit to TGHC
- Is properly documented and evidenced
- Is managed in a consistent and cost-effective manner
- Is specific enough that a third party reviewer can understand the business purpose for which the expenditure occurred
- Is available for scrutiny by Internal and External Audit, and the TGHC Board and Committees
- Will stand up to public scrutiny

It is the responsibility of the TGHC employee to act in a reasonable manner and be satisfied that the level of hospitality offered was appropriate, reasonable and not excessive. Any expenditure over £100 for a single transaction must be pre-approved by ~~the Finance Business Partner or the~~ TGHC Finance Manager.

The following supporting information must be provided with each receipt in order to fully evidence the expenditure:

- Business purpose
- Date of the event
- Location
- Person or persons entertained and their affiliated organisation
- Amount
- Full details of the purchases made

Hospitality expenditure should be kept to a minimum in all circumstances and where possible, TGHC or Gateshead Council facilities and services should be used. Though not exhaustive, the following should be considered:

- Food and drinks should be taken at the most reasonably priced establishments and where possible, should not exceed the company's agreed subsistence allowances
- Receipts for dining alone are not permitted to be charged to the credit card and should be claimed via employee expenses, in line with subsistence allowances. The purchase of alcohol will not be reimbursed in these instances.
- Credit card receipts by themselves do not represent appropriate supporting documentation. A detailed bill/receipt will be required to evidence all purchases and participants.
- Discretion should be exercised in relation to the purchase and consumption of alcohol at business events. No more than two glasses of house wine (or equivalent) per person is permitted to be charged to the company credit card.
- The number of TGHC representatives in attendance at meetings, conferences and events etc. should be kept to a minimum.

## **9. Misuse and Fraudulent Use**

The Company will take any misuse or fraudulent use of the company credit card very seriously. Misuse or fraudulent use of the company credit card will constitute gross misconduct. TGHC reserves the right to require the person responsible for the misuse or fraudulent use to repay any sums relating to the misuse or fraudulent use of the card and to invoke TGHC's Disciplinary Procedure. Consideration will also be

given to cancelling credit card usage and limiting or revoking the employees purchasing authority. This may also result in criminal prosecution for theft or fraud.

'Misuse' is defined as using the card for any expenditure that is non-business related, including those activities falling within the excluded categories above.

'Fraudulent use' is defined as using the card for any dishonest purposes, including the incorrect reporting and claiming of expenditure. For example:

- Claiming personal expenditure as TGHC expenditure
- Falsifying records or documentation
- 'Double dipping' – using a card for expenses, purchases or costs where those costs have been or will be reimbursed as part of an allowance or expenses claim.

Employees should report any suspected misuse or fraudulent use to the [TGHC Finance Team](#), Finance ~~[Manger Business Partner](#)~~ or [Interim](#) Managing Director immediately [as appropriate](#).

## **10. Policy Review**

The [TGHC](#) Finance Manager will keep this policy under review and after appropriate consultation may make any recommendation to the Board as he/she considers necessary.