

# Internal Audit Report

## Credit Card Usage 2023/24

Draft report: 31 October 2023  
Final report: 16 November 2023  
Last audited: Not applicable

<b>Audit Objective</b>	To ensure that corporate credit cards are used appropriately and in accordance with policy, and that there are robust controls in place to protect against and/or detect fraudulent or erroneous usage.
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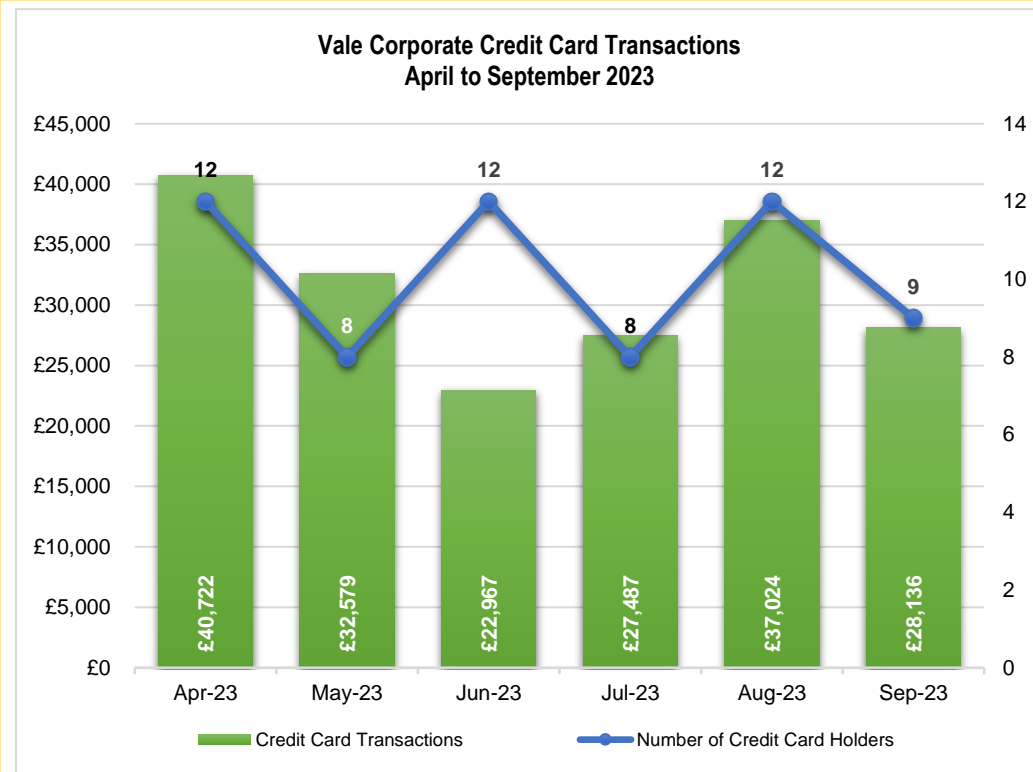
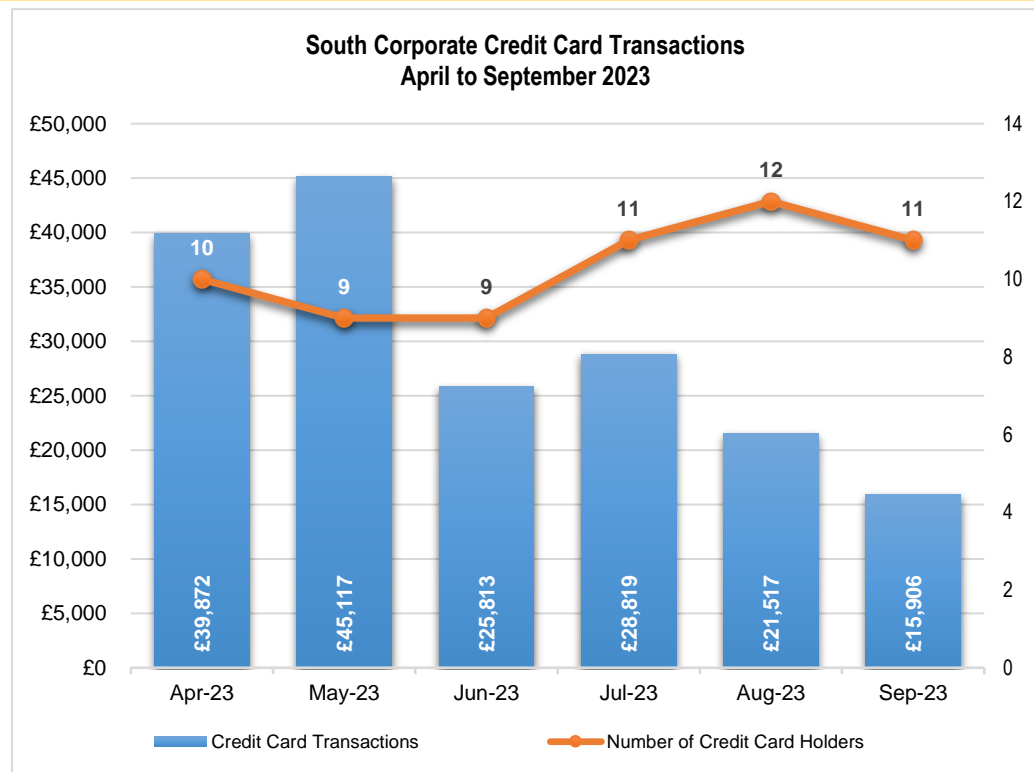
Assurance Opinion		Number of Actions				Key Risks Reviewed		
<b>Reasonable</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.	Priority	Joint	South	Vale	Reference	<ul style="list-style-type: none"> <li>Fraudulent or erroneous use of credit cards is not identified leading to misuse of council funds and potential financial loss.</li> <li>Actions are not taken promptly in the event of a lost or stolen credit card to prevent unauthorised spend, which may result in financial loss.</li> <li>Transactions are not independently scrutinised leading to inappropriate usage and potential financial loss.</li> </ul>	
		Priority 1	-	-	-	-		-
		Priority 2	2	-	-	-		1 and 2
		Priority 3	-	-	-	-		-
		Total	2	-	-	-		Appendix 1

The audit scope included:

Objective		Audit Scope
1	Procedures and guidance	<ul style="list-style-type: none"> <li>Appropriate credit card usage procedures and guidance are in place and available to officers.</li> <li>Credit card procedures are fully completed explaining how credit cards should be used and the responsible officers.</li> <li>Appropriate liability restrictions are in place if credit cards are lost or stolen.</li> </ul>
2	Usage restriction	<ul style="list-style-type: none"> <li>Use of corporate credit cards is restricted to approved officers and the credit cards are correctly authorised and issued.</li> </ul>
3	Credit card usage	<ul style="list-style-type: none"> <li>Usage of credit cards is in line with policy.</li> </ul>
Page 44	Transaction records	<ul style="list-style-type: none"> <li>Credit card transactions are appropriately recorded and supported.</li> </ul>
	Reconciliation	<ul style="list-style-type: none"> <li>Credit card usage is regularly and appropriately recorded and reconciled.</li> </ul>

**Executive Summary**

Financial procedure rules state that corporate credit cards should only be used in exceptional circumstances, where the usual process of raising an order and processing an invoice is not feasible. During April to September 2023, corporate credit cards were predominantly used by the housing and environment service for temporary accommodation of refugees and the homeless, as shown below.



April to September 2023		Finance	Housing & Environment	Development & Corporate Landlord	Corporate Services	SMT	Policy & Programmes	Partnership	Planning	Legal & Democratic Services	Transformation Programme
Total spend	South	£5,794	£165,294	£2,443	£3,324	-	£89	No corporate credit cards in operation			
	Vale	£1,149	£187,533	-	£148	£32	£64				
Number of corporate credit cardholders	South	1	7	1	1	-	1				
	Vale	1	8	-	1	1	1				

Agenda Item 6

Key Findings	
Objective	Audit Scope
1	<p>Procedures and guidance</p> <ul style="list-style-type: none"> <li>Credit card user guidance is in place and is available to officers on Jarvis; however, due to lack of version control in the documents, we were unable to determine when the guidance was last reviewed. Some information is outdated and needs refreshing (e.g., job descriptions).</li> <li>Strategic finance is responsible for the administration of the corporate credit cards; however, they don't hold any operational procedures, providing a step-by-step guide on the administration process. If key officers leave the councils, there is nothing formally documented.</li> </ul>
2	<p>Usage restriction</p> <ul style="list-style-type: none"> <li>Monthly spend limits are in place for each council (same limit for each) and for each individual cardholders, with spend limits varying for each cardholder. The total of all individual cardholder spend limits is higher than the overall council limit, therefore it is possible for the monthly limit to be reached (however this did not occur in 2022/23).</li> <li>We reviewed a sample of credit card application forms and can confirm that the option to prevent cardholders from withdrawing cash was ticked on all occasions and application forms were authorised and signed by an officer in the strategic finance team. This is in accordance with the user guidance.</li> <li>A total of 24 officers hold a South and Vale credit card, four officers have a South only credit card and one officer has a Vale only credit card. Cardholders are current employees of the councils, and a credit card is required for their job role.</li> </ul>
3	<p>Credit card usage</p> <ul style="list-style-type: none"> <li>User guidance provides clear information on what is and is not appropriate credit card usage.</li> <li>Officers wanting to make a credit card purchase must complete a credit card form, which is available on Jarvis. There are two forms, one for cardholders and one for non-cardholders.</li> <li>On a monthly basis, South and Vale credit card statements are downloaded from the Barclaycard website and scrutinised by strategic finance. We reviewed a sample of credit card statements and verified that transactions were reviewed appropriately, and any unusual or unsupported spend was investigated.</li> </ul>
4	<p>Transaction records</p> <ul style="list-style-type: none"> <li>For every transaction, cardholders must complete and submit a credit card form, along with supporting receipts or invoices to strategic finance.</li> <li>We reviewed a sample of bank statements and verified that transactions were supported by a credit card form along with supporting receipts or invoices. We also confirmed that credit card transactions were journalled to the correct cost centre and account code.</li> </ul>
5	<p>Reconciliation</p> <ul style="list-style-type: none"> <li>Credit card reconciliations are performed monthly to ensure that the statement transactions have been journalled to the correct cost centre and account code.</li> <li>A monthly direct debit is set up on the councils' general bank account to pay the South and Vale statement balances in full. This ensures payment is performed timely and avoids interest or unnecessary charges. No interest or penalties were charged in 2022/23 to September 2023.</li> </ul>