

Kilkenny County Council

Internal Audit Report [REDACTED] Review of Business Credit Cards

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Introduction

Report Distribution

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Audit Committee Members

Local Government Auditor

Kilkenny County Council has five Bank of Ireland business credit cards. The cardholders are the Chief Executive, three Directors of Services and the City Engineer. The one remaining Director does not have a business credit card. The cards are mostly used for accommodation, restaurant and travel expenses (See Appendix A).

Cardholder	Position	Credit Limit
Colette Byrne	Chief Executive	€5,000
Mary Mulholland	Director of Services	€5,000
Tim Butler	Director of Services	€5,000
Martin Prendiville	Head of Finance	€5,000
Simon Walton	City Engineer	€5,000

Objectives

The objective of the audit is to provide reasonable assurance that there are sufficient controls in place regarding business credit cards.

Approach

Internal Audit examined the expenditure on business cards in 2017 and spoke with staff in relation to the procedure for processing credit card expenditure.

Scope & Limitations of scope

The scope of the review was limited to the 2017 business card spend. This audit did not look at Low Value Purchase Cards which are used by many staff. These were audited in 2017.

Audit Risk

- Cards are used for non-business purposes.
- Leavers from employment retain card assigned to him/her.
- Card transactions are not recorded correctly, insufficient back up submitted to demonstrate a clear audit trail.
- Staff are assigned cards but no longer require them, due to job description changing etc.

Co-operation of Management and staff

Internal Audit received full co-operation from Council Management and staff throughout the course of this review and would like to thank them for their assistance.

This report has been considered and approved by the Management Team of Kilkenny County Council.

Findings & Recommendations

<i>Finding</i>	<i>Implication</i>	<i>Recommendation</i>	<i>Management Action Plan</i>
<ul style="list-style-type: none"> • In 2017, €7,230 was spent using business credit cards. See Appendix A. • The outstanding balances are paid monthly by direct debit. • The cardholders insert job codes to the items on the statement and sign. The finance dept. posts the expenditure to a gresso every month. • Each cardholder keeps their own receipts. • Kilkenny County Council operates a Low Value Purchase card system with over 100 cardholders. These LVP cards are in effect credit cards. These cards were procured from Ulster Bank under a national tender competition. A card management system, SDOL, is used to record and approve these transactions. The five business cards used by council management are not recorded on this system. • Two of the cardholders rarely use their card. One used it three times in 2017 and the other did not use it at all. 	<ul style="list-style-type: none"> • Risk due to high credit limits and unnecessary cards. • Potential card spend for non business purposes. • Inefficient use of resources - staff and IT. 	<ul style="list-style-type: none"> • Management should cancel any unnecessary cards and review the credit limits in line with current monthly spend. • Management should look into replacing business cards with current LVP cards. These can be used as normal business cards with individual credit limits for each cardholder. Certain categories of spend are blocked on LVP cards but these can be unblocked to cater for managements requirements. There is already an administrative process and IT system in place to manage LVP cards. The current system of using separate business cards is duplicating the process. • Cardholders should complete a monthly card transactions sheet outlining the reason for the spend. A receipt for each transaction should be attached to this sheet. This is in line with current LVPC procedures. (See Appendix B) 	<ul style="list-style-type: none"> • Card holders will review whether necessary to retain cards. It should be noted that cards are used as back up if required for business reasons. • This matter will be reviewed and credit cards will be replaced with LVP cards if the same flexibility is available on the LVP card. • Currently each Director attaches receipts and provides similar details on statements as per LVP form in Appendix B

<i>Finding</i>	<i>Implication</i>	<i>Recommendation</i>	<i>Management Action Plan</i>
<ul style="list-style-type: none"> • The most spent by a cardholder in a single month was €1,089. Each cardholder has a monthly limit of €5,000. • The summary statement of the account is addressed to a staff member who left the organisation in 2016. • Card in the name of an ex Director was cancelled six months after Director had left organisation. 		<ul style="list-style-type: none"> • The card transactions sheet should be countersigned by the CE in relation to Directors cards. The CE's card should be countersigned by the Director of Corporate Services. • An exit policy should be in place so that all business cards and business accounts in the name of a staff member should be cancelled/amended immediately when he/she leaves the organisation. 	<ul style="list-style-type: none"> • Currently the Chief Executive signs off on all cards for Directors and the Director of Corporate signs off on the Chief Executive's card. • An exit policy will be agreed and put in place for credit card.

Appendix A – Card Expenditure by Spend Category 2017

	Restaurants/Accommodation	Travel Expenses	Conference Costs	Gifts (Visitors)	Other	Total
Card 1	€2,689.48	€2,198.59	€0.00	€0.00	€0.00	€4,888.07
Card 2	€60.90	€0.00	€100.00	€0.00	€0.00	€160.90
Card 3	€0.00	€0.00	€0.00	€0.00	€0.00	€0.00
Card 4	€721.79	€142.39	€0.00	€208.95	€0.00	€1,073.13
Card 5	€853.71	€146.39	€0.00	€0.00	€116.85	€1,116.95
Total	€4,325.88	€2,487.37	€100.00	€208.95	€116.85	€7,239.05

Appendix B – Card Transactions Sheet

CARD TRANSACTIONS LOG				
Month				
Cardholder Name				
Transaction Date	Supplier/Vendor	Reason for Purchase	Job Code	Amount
I confirm that the above goods were purchased for business purposes.				
Cardholder Signature			Date	
Approver Signature			Date	