

1. INTRODUCTION

The Legatus Group ('LG') has a legal obligation to apply appropriate standards and procedures in the use of Credit Cards. As required under the *Local Government Act, 1999* and the *Local Government (Financial Management) Regulations 1999* the following procedures will apply to the use of Credit Cards by LG employees.

2. ELIGIBILITY

A LG Credit Card may be issued by to staff that are employed in an ongoing or fixed term position and occupies a position that has a regular and demonstrated need to purchase goods and/or services on behalf of LG.

Issuing of Credit Cards

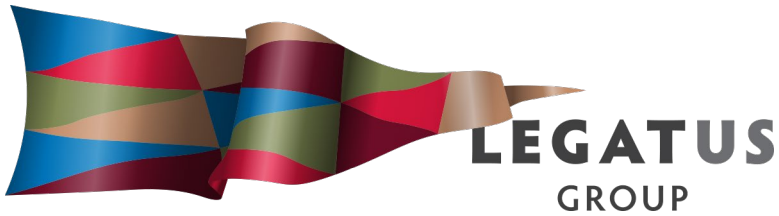
Credit Cards can only be issued to employees that have been delegated authority to purchase on behalf of LG. The establishment of any Corporate Credit Card must be authorised by the Board of Management. Applications for credit cards must include details of the need for the facility and proposed use of the credit card. Cardholders will be required to formally acknowledge policy conditions by completing and signing the Credit Card Policy Conditions form.

The following conditions apply to LG Credit Cards held on behalf of LG:

- Credit cards can only be used in accordance with approved expenditure and delegated financial authority.
- Credit cards are to be maintained in a secure manner and guarded against improper use.
- Under no circumstances can credit cards be used for cash advances.

Credit Cards can only be used in circumstances where there is a clear business case to support their use. These purchases may be made with the use of a credit card only when:

- The purchase is from providers at which LG does not have account facilities
- It is a payment of expenses, or



- The expense is in accordance with LG policy and budget allocations.

The following will apply to the issuing of LG Credit Cards:

- i. The Corporate Credit Card Application is completed and has been signed by the applicant.
- ii. The Corporate Credit Card application is completed (including the appropriate credit card facility number) and countersigned by two authorised signatories of the Board of Management.
- iii. A signed and authorised Rule and Procedures for the Issue and Control of the Corporate Credit Card is returned to the applicant and the original is placed on the individual's personnel file.

3. DEFINITIONS

Cardholder – refers to the staff member whose name appears on the LG credit card.

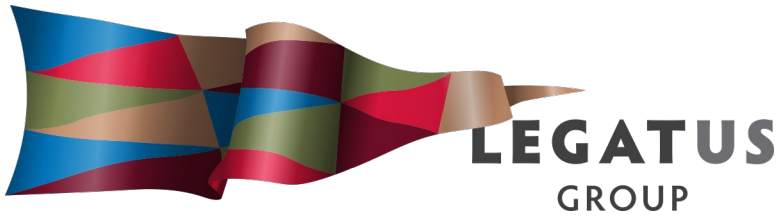
GST – refers to Goods and Services Tax. LG is liable for GST. To enable tax credits, all purchases require a tax invoice/receipt.

FBT - refers to Fringe Benefits Tax. Fringe Benefits Tax may be applicable to expenses paid by LG Credit Card. Cardholders are required to note on the reconciliation the number of staff and the number of non-staff attending any function regarded as entertainment.

Private Expenditures – refers to any expenses that are in relation to non-business activities, such as personal holiday accommodation which, if undertaken, should be repaid immediately.

4. USING THE CREDIT CARD

It is the cardholders' responsibility to ensure the LG credit card is maintained in a secure manner and guarded against improper use and to ensure sufficient budget funds are available to cover purchases.



Credit cards should not be used at prohibited suppliers or suppliers who do not comply with relevant GST legislation. A supplier must provide a Tax Invoice for goods and services where GST is included and all suppliers must display their ABN on invoices/receipts.

Cardholders are to retain purchase / expenditure documentation, tax invoices and these must reconcile with bank statements at the end of each month. Costing numbers shall be allocated to each transaction and expenditures must be authorised. Types of approved expenditure may include accommodation, meals, and other travel expenses, conferences / seminar fees. In addition, authorisation of expenditure on credit cards is to include the signature of the relevant employee and/or Chief Executive Officer approving payment and /or the Chairperson.

The cardholder has a legal responsibility and hence all purchases on his/her credit card should be approved prior to purchasing any goods and/or services.

In the event there is an expense of a personal nature attached to a business expense where a corporate credit card has been used, this may occur in circumstances where a 'bill' cannot be split between personal and business, for example:

A hotel bill where the employee has both business expenses and personal expenses (staying on for a couple of days holiday after the conference, food and beverage of a personal nature consumed during stay etc).

The cardholder must specify this on the purchase order and reimburse LG by 28th of each month (refer to Taxes - Tax Invoices and GST below).

On termination of employment with LG, Credit Cards will be returned to LG a minimum two (2) weeks prior to cessation of employment (of a cardholder) with LG, to enable a full reconciliation of expenditure incurred on the card is completed.

Usage of Credit Cards is only to be in accordance with this procedure and the associated guidelines.

Lost, stolen and / or damaged cards are to be reported immediately to the Financial Institution and to the CEO and/or the Chairperson.

Corporate credit cardholders making purchases using a Corporate credit card should:

- i. Require an invoice/receipt displaying suppliers ABN for goods under \$82.50.

- ii. Require a Tax invoice displaying suppliers ABN for goods \$82.50 and over.
- iii. Ensure suppliers record full and proper descriptions of items or services on invoices/receipts
- iv. Confirm the supplier site is secure when placing an order via the internet
- v. Ensure goods and services are received in good order and condition
- vi. Ensure a credit is received for any returns or refunds
- vii. Ensure expenditure does not exceed monthly credit limit, and
- viii. Report any lost, stolen or damaged cards immediately to the Bank and notify the Chief Executive Officer and/or the Chairperson as soon as possible.

Credit Limit

The credit limit on Credit Cards shall not exceed \$5000.00

5. TAXES

Tax Invoices and GST

Cardholders must obtain a tax invoice/invoice for all purchases. Cardholders should be aware that if they do not obtain, or not able to provide a tax invoice/invoice for expenditure, LG would not be able to recover any Goods and Services Tax (GST) that may be applicable on that expenditure.

All documents (tax invoices, receipts and transaction slips) supporting transactions on the credit card must be attached to the credit card statement by the 28th of each month for authorisation.

The monthly credit card expenditure is signed off by the Chairperson. In the event that a receipt is not obtained or is lost, a Credit Card Payment Authorisation form is to be filled out.

Where GST is deemed payable by the cardholder, LG may issue an invoice to the cardholder equal to the amount of GST forfeited.

Fringe Benefit Tax

When the cardholder uses a Corporate Credit Card to provide food or drink at a social function or corporate lunch, the number of people attending and the number of those who are employees must be recorded on the monthly documentation.

When a Cardholder is commencing leave and is aware the statement reconciliation will fall due during their leave period, the Cardholder shall provide all the necessary documentation (e.g. invoice / receipts / declarations) prior to going on leave.

In the event that the Chief Executive Officer identifies expenditure that is inappropriate, the Cardholder shall be informed immediately of the breach of conditions and will be required to reimburse LG.

On receipt of the approved statement reconciliation the Creditor Officer shall:

- a. Ensure statements have been signed by the Cardholder and approved by Chief Executive Officer and/or the Chairperson with all required documents attached;
- b. Review transactions for correctness of general ledger coding and ensure an adequate description of goods / service on the purchase order has been provided by the Cardholder;

In the event that a cardholder fails to provide the relevant documentation to the Chief Executive Officer and/or the Chairperson, the Creditor Officer will report it to the Chief Executive Officer and/or the Chairperson to investigate, which may result in the withdrawal of the credit card authorisation.

6. MISUSE OF CREDIT CARDS

Any misuse of credit cards will result in the use by the cardholder being reviewed and may result in authorisation for use of a credit card being withdrawn. In addition, action in respect to LG's Employee Code of Conduct award provision will be pursued.

Credit Cards are issued to LG staff in a position of trust in regard to the use of public funds. Improper use of that trust may render the cardholder liable to disciplinary / legal action/termination of employment and / or criminal prosecution.

Withdrawal / Cancellation of LG Credit Cards

A LG Credit Card may be withdrawn and cancelled for any of the following reasons:

- a) Misuse of the credit card by the cardholder including unacceptable or inappropriate expenditure;
- b) Non-compliance with the conditions governing the issuing of LG credit cards;
- c) The position currently held within LG no longer requires a credit card purchasing facility or the card has not been used for twelve (12) months;
- d) Termination of employment.

Where a LG credit card is withdrawn or cancelled, LG will require the cardholder to:

- a) Destroy the card for security purposes by cutting through the card number;
- b) Return the destroyed card a minimum of two weeks prior to cessation of employment; and
- c) Undertake a reconciliation of their final statement, or if leaving LG, provide the Finance Officer with all relevant documentation, receipts, invoices and the like so that reconciliation may be undertaken on receipt of the final statement.

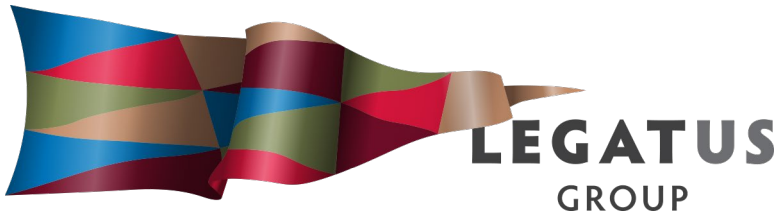
It is the Cardholder's responsibility to submit the final statement reconciliation including all receipts / tax invoices for outstanding expenditure prior to the cessation of employment.

Responsibilities

The Chief Executive Office is responsible for approving credit card applications prior to the authorisation.

The Credit Cardholder is responsible for complying with the LG Credit Card Procedure and the Financial Institution's Credit Card Procedures.

The Chairperson is responsible for the approval and review of Credit Card expenditure.



The Credit Cardholder is responsible for obtaining signatures on the monthly credit card purchase order form and submitting reconciled credit card purchase order form including all receipts / tax invoices to the Creditor Officer.

The Credit Cardholder is responsible for submitting the final statement reconciliation including all receipts / tax invoices for outstanding expenditure prior to departure from the LG.

Measures

LG Corporate Credit Cardholders meet the eligibility requirements..

Purchase / expenditure documentation, tax invoices are retained and reconciled with bank statements at the end of each month.

All completed monthly LG Credit Card reconciliation purchase order forms are returned by the 28th of each month for authorisation. All LG Credit Card Reconciliation purchase orders upon the signature of the Chief Executive Officer are to be received by the Creditor Officer by the 8th of each month.

Withdrawn or cancelled LG credit cards are reconciled and destroyed within the noted timeframes.

7. LEGISLATION

Local Government Act, 1999

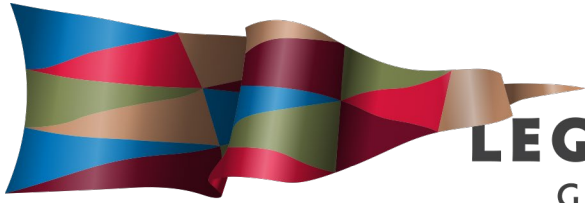
Local Government Finance Standards, 2005

Financial Transaction Reports Act, 1988

Goods & Services Tax Act, 1999

Fringe Benefits Tax Assessment Act, 1986

8. REVIEW



LEGATUS
GROUP

CREDIT CARD POLICY

Issued: 18 November 2016

This procedure shall be reviewed by LG within (2) two years of the date of issue.

SIGNED:

A handwritten signature in black ink, appearing to be 'S. Hall', is placed over a light grey rectangular background.

Chief Executive Officer

Date: 12 June 2020