

19 August 2025

The Hon. Hannah Beazley MLA
Minister for Local Government
Dumas House, 2 Havelock Street
WEST PERTH WA 6005

Dear Minister,

**RE : Office of the Auditor General (OAG) – Performance Audit Local Government
Management of Purchasing Cards – Town of Victoria Park**

Purpose of Report

This report addresses the significant matters identified in the emerging findings letter from the Office of the Auditor General's (OAG) 2024/25 Performance Audit of the Town of Victoria Park's management of purchasing cards. It outlines the Town's responses and actions in accordance with section 7.12A(4)(a) of the Local Government Act 1995, which requires local governments to prepare a report addressing significant findings and the corresponding actions taken or proposed.

Significant Matters Identified by OAG

Inadequate policy guidance on allowable and reasonable business use.

- There is limited policy guidance on what is allowable and reasonable expenditure, using purchasing cards.

Review and approval of purchases did not comply with policies and procedures.

- Transactions were found to be reviewed outside of required timeframes, or lacking evidence of appropriate approvals, particularly for paper-based acquittals, in addition to limitations for acquittals performed within the financial system.



Implication

1. Without proper guidance, there is an increased likelihood of inappropriate use (including personal use) or excessive spending on items that do not meet community expectations.
2. Expenditure may be inappropriate and not identified as such if transactions are not reviewed by the cardholder and approved by their manager in a timely manner resulting in financial loss.

Management Comment

Management acknowledges the findings of the auditor, however, disagrees with the 'Significant' risk rating for finding 1, as the Town already have the following Policies, Management Practice, Procedure and Cardholder Agreement, which provides guidance around the Town's overall procurement requirements and processes, for purchases using Corporate Transaction Cards. This is also supported by the Town's Code of Conduct.

- Policy 301 – Procurement
- Policy 312 – Transaction Card
- Practice 312 – Credit Card
- Procedure – Non-Discretionary Operational Expenses
- Cardholder Agreement – Use of Corporate Credit Card Agreement

These controls already specify the type of transactions that are allowed and prohibited, including hospitality and entertainment expenses, while still taking into account the procurement practices of the organisation. In addition, cardholders must follow a process when undertaking monthly reconciliations and acquittals, where all transactions need to be approved by their respective supervisors.

All the sampled transactions identified above have been incurred as a result of the Town's operational activities, for which there is an approved budget allocation. In addition, all but one of these sampled expenditures have been incurred by either the Chief Executive Officer or the Chief Officers and, are also approved under the Town's 'Non-Discretionary Operational Expenses' procedure and have an approved budget allocation, for work related purposes.

Management is currently reviewing and clarifying Management Practice (312) around responsibilities of cardholders and administrators, and allowable and prohibited practices when using Corporate Transaction Cards. Council Policy (312) is also currently under review to now include 'Store Cards'. In addition, a review of the cardholder agreement will be undertaken to reflect changes to the Management Practice and specify transactions that are disallowed (e.g. personal expenditures, cash withdrawals, gambling, fuel, splitting purchases or where there is a trade credit arrangement).

Management will then communicate with all card holders, the revised requirements in the Town's Policy, Management Practice and Cardholder Agreement around their responsibilities for Corporate Transactions Cards approvals and acquittals processes.

Management will also continue to engage with its System provider to rectify their system limitations around the Transaction Card approval process audit trails.

Action Taken or Intended to be Taken

1. Policy, Management Practice & Cardholder Agreement Improvements
 - Update and clarify allowable and prohibited transactions.
 - Include specific provisions for hospitality, entertainment, and travel.
 - Clarify the responsibilities of cardholders, approvers, and administrators.
2. System Enhancements & Compliance
 - Continue engagement with our System provider to enhance system audit capabilities.
 - Improve the timeliness and documentation of acquittal processes.
 - Reinforce revised compliance requirements.
3. Monitoring and Oversight
 - Undertake periodic internal audits and six-monthly card reviews.
 - Report anomalies to C-Suite (CEO and Chief Officers).
4. Review of Card Needs
 - Undertake periodic review of purchasing card usage and facilities, and report findings to C-Suite (CEO and Chief Officers).

Completion or Proposed Completion Date

- Policy, Management Practice & Cardholder Agreement Updates: 30 September 2025
- System Enhancements & Compliance: 30 September 2025
- Monitoring and Oversight: 30 September 2025
- Review of Card Needs: 30 September 2025

Recommendation

The Town will:

- Ensure compliance with Local Government Act 1995 and Local Government (Financial Management) Regulations 1996.
- Finalise and implement revised policies and practices governing the use, approval, and oversight of purchasing cards.
- Enhance System audit capabilities for tracking approvals.
- Reinforce revised controls through internal communications, documentations, and clear responsibilities for cardholders, approvers and card administrators.

Should you require further information or clarification, please contact either Khris Yeoh, Acting Manager Finance or Duncan Olde, Chief Financial Officer, on 9311 8111.

Yours sincerely



**CARL ASKEW
CHIEF EXECUTIVE OFFICER**