



Agenda item 3(b)(iii): Secretariat Credit/Visa Card Access

Proposed Recommendations

The Board is invited to **consider** the option of opening a debit/credit card account with a local bank service provider in Samoa to support the Secretariat in managing its online transactions and payments.

Purpose

The purpose of this paper is to brief the Board on the issues that the Secretariat is facing in terms of the financial transactions and in terms of the purchasing process.

Background

2. The spread of the COVID-19 global pandemic and its direct impact on the migration operational space brought about a new set of operational requirements and central to this was the overnight demand to move communication and transactions to the virtual online space. This impacted our financial system as service providers began shifting to online platforms with majority of transactions consequently moving online especially in terms of software licenses, travel insurances and accommodation payments in terms of travel. For example, the PIDC Google Licence is due monthly and it has become the operational norm for our vendors to have deductions made directly from either a credit / debit card. The recent Regional Annual Meeting in Fiji highlighted this online transaction trend. As PIDC begins planning more regional forums and training workshops and consultations, with anticipated increase in duty travel, accessibility to a credit / debit card becomes more convenient operationally.

3. Currently, the Secretariat manages its online payment requirements by using the Secretariat staff Visa cards where staff then submit a refund claim for personal funds, they have used to pay for official PIDC online payments. Staff have in a number of cases had to fork out significant amounts of personal funds to meet PIDC online payments.

4. The Secretariat since its establishment in Samoa had not come across any difficulty in terms of purchases until recently when COVID-19 forced payments to be transacted online through visa/credit cards. At that time, the Secretariat was not required to either use a credit / debit card for purchases until recently.

Option One: ANZ Credit/Debit Card Service

5. PIDC currently holds a bank account with ANZ Bank in Apia. The Secretariat in meeting with the ANZ Bank Manager administering the PIDC account advised that PIDC cannot be issued with a credit card because ANZ Samoa does not issue credit cards. Neither

can ANZ issue a debit card because our bank account requires two signatories to authorise any transaction at any one time. Organisations that require only one single signatory for payment approval can be issued a debit card.

Option Two: BSP Credit/Debit Card Service

6. BSP offers both credit card and debit cards service but requires PIDC to open an account with BSP which might take 3-4 months before it can be approved as they will need all the required documentations to open an account and they will need to go through the Samoa Central Bank requirements before they can issue a BSP Credit/Debit card to PIDC.

Analysis

7. In light of ANZ's inability to issue a credit/debit card, BSP becomes the sole viable option available in the banking sector in Samoa to address the Secretariat's immediate financial need. The Board is recommended to consider the approval to explore opening an account with BSP for a maximum of \$5,000.00 to enable the Secretariat to meet any PIDC online credit card/debit card transactions. The Financial Regulations can also be reviewed to include new requirements of managing this online account like for example the monthly reimbursement of the credit/debit card from the main operational ANZ account via the normal two-person payment authorisation system.

8. While the Regulations discusses the use of debit cards, operationally it is safer to use credit rather than debit cards. Credit cards require a direct action by Secretariat for payment and any unusual / unauthorised use can be challenged before payment is affected. A debit card on the other hand would allow an immediate deduction or payment which reduces the ability of the Secretariat to query / challenge such payments. Having the main account with ANZ Bank and the credit card with BSP Bank ensures that we isolate the main account from the possibility of online fraud to the proposed BSP debit card account.

Financial Regulations

9. Financial Regulations 18.26 – 18.33 (*attached as Annex 1*) provides guidance on the management of any credit/debit card system that is to be adopted by PIDC. Essentially, PIDC had already recognised through its financial regulations the expectation that it would transition into these financial card systems in the future. The Board needs to note that the financial regulations is very clear in terms of the usage of the credit/debit card and if the credit or debit card is issued the Secretariat will be required to follow the process as outlined in *Financial Regulations* 18.26-18.33.

Recommendations

Proposed Recommendations

The Board is invited to:

- (i) **approve** the opening of an Imprest type account at BSP to a maximum of WST5,000 specifically for online payments, unexpected travel and other emergency payments that requires the use of Credit/Debit Card;
- (ii) **approve** that a PIDC authorised credit card is to be issued to the Acting Head of Secretariat or Incoming Head of Secretariat with a maximum limit of WST 5,000. Monthly spend would be reimbursed under the current two-person payment authorisation system from the main account with ANZ Bank; and
- (iii) **approve** that in the interim, while PIDC goes through the formal process of applying for a BSP Credit/Debit card, the Manager of Corporate Services be authorised on a limited basis to use her personal credit card for Secretariat business and be reimbursed until such time a corporate credit card for the Head of Secretariat has been issued.

ANNEX 1

Financial Regulations

- 18.26 While the purchase order process is preferred there will be occasions where a PIDC debit card assigned to one or more PIDC Secretariat staff, can be used.
- 18.27 The Board has authorised the use of a debit card up to a limit of \$WST5,000 for procurement activity that is undertaken online or over the phone.
- 18.28. The PIDC debit card can be used where it is the only payment option or if the items being purchased can be sourced cheaper and easier through authorised, credible and trusted online sites and telephone numbers.
- 18.29 The use of the PIDC debit card is limited. In addition to online and telephone purchase for items such as software license and specialist publications it may be used for emergency expenditure related to the business of the PIDC, e.g., urgently arranged travel where the PIDC's established procurement processes are not able to meet requirements.
- 18.30 The use of debit card requires all procurement processes to be followed. This includes obtaining quotes and retaining purchase order, invoices and receipts documentation.
- 18.31 The decision to the PIDC debit cards should not be driven by reward schemes. The benefits of any debit card reward schemes should only be redeemed when they can be applied to the PIDC. No personal benefit can be expected or accepted from the use of a PIDC debit card.
- 18.32 Secretariat staff are not permitted to use their personal debit card and be reimbursed for expenditure incurred.
- 18.33 The Head of Secretariat Manages the issuing and use of debit cards.
- a) Ensures processes are in place for reviewing and approving expenditure on debit cards, for making payments on time, and for reporting debit card expenditure correctly in the PIDC's financial reports.
 - b) Will normally organise the establishment and operation of the PIDC debit card through the PIDC's bank.
 - c) Is responsible for the approval of expenditure incurred on PIDC debit cards allocated to Secretariat staff. Expenditure incurred by the Head of Secretariat must be counter signed and approved by another member of the PIDC Secretariat.
 - d) Is authorised to cancel a PIDC debit card and arrange for a replacement of debit cards arising from the incidence of theft or misplaced cards. The exception to this authority is in the case of the Head of Secretariat's own debit card. The oversight and replacement of this card is a PIDC Board responsibility.
- 18.35 Debit Card Holders
- a) Use the PIDC debit card issued to them in a responsible manner, and only for approved purposes.
 - b) Understands that expenditure of a personal nature is not permitted on a PIDC Debit Card
 - c) Will not use debit cards to obtain cash drawdowns or advances.
 - d) Will not attempt to alter the limit on the debit card without proper authority.
- 18.36 Will surrender the debit card on request of the card issuer, or the Head of Secretariat, or on leaving the PIDC, and acknowledge and adhere to all Card issuer terms and conditions.