

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
BUDGET ESTIMATES 2017-18

Finance Portfolio
24-25 May 2017

Department/Agency: All
Outcome/Program: General
Topic: Credit Cards

Senator: Bilyk
Question reference number: F135
Type of question: Written
Date set by the committee for the return of answer: Friday, 7 July 2017

Number of pages: 7

Question:

- a. How many credit cards are currently on issue for staff in the Department and agencies within the portfolio?
- b. If possible, please provide a break-down of this information by APS/ SES level.
- c. What was the value of the largest reported purchase on a credit card in calendar year 2016 and what was it for?
- d. How much interest was paid on amounts outstanding from credit cards in calendar year 2016?
- e. How much was paid in late fees on amounts outstanding from credit cards in calendar year 2016?
- f. What was the largest amount outstanding on a single card at the end of a payment period in calendar year 2016 and what was the card holder's APS/ SES level?
- g. How many credit cards were reported as lost or stolen in calendar year 2016 and what was the cost of their replacement?
- h. How many credit card purchases were deemed to be illegitimate or contrary to agency policy in calendar year 2016?
- i. What was the total value of those purchases?
- j. How many purchases were asked to be repaid on that basis in calendar year 2016 and what was the total value thereof? Were all those amounts actually repaid? If no, how many were not repaid, and what was the total value thereof?
- k. What was the largest purchase that was deemed illegitimate or contrary to agency policy and asked to be repaid in calendar year 2016, and what was the cardholder's APS/ SES level? What that amount actually repaid, in full? If no, what amount was left unpaid?
- l. Are any credit cards currently on issue in the Department or agencies within the portfolio connected to rewards schemes? Do staff receive any personal benefit as a result of those reward schemes?
- m. Can a copy of the Department's staff credit card policy please be provided?

Answer:

Finance:

- a. 214.
- b. APS x 57, EL x 80, SES x 77.
- c. \$9,781.75 inc GST. Replacement equipment was purchased as part of the fit out of the One Canberra Avenue gymnasium after some of the existing equipment from the John Gorton Building gymnasium was identified as no longer fit for purpose or as posing an increased Work, Health and Safety risk.
- d-g. Nil.
- h. 12 in total - 10 were for accidental personal misuse (used departmental credit card instead of personal credit card) and 2 other transactions were disputed illegitimate transactions through the bank.
- i. \$1760.56 (accidental personal misuse) \$524.80 (disputed illegitimate transactions).
- j. 12 in total were repaid and/or refunded by bank - \$2,285.36.
- k. \$426.70 EL1 paid in full – accidental personal misuse.
- l. No.
- m. Attached.

Australian Electoral Commission:

- a. 544.
- b. APS x 429; EL x 94, Executive x 21.
- c. \$42,716.66 inc GST. Election Web Hosting Services – Amazon Web services.
- d-f. Nil
- g. 6 and Nil.
- h-i. Nil.
- j-m. N/A.

Commonwealth Superannuation Corporation:

- a. 46.
- b. Board 1; Executive 8; Head of staff 5; Senior Manager 8; Manager 9; Operational staff 15.
- c. \$11,430.62 (incl. GST) on 19/05/16 for CFA Institute course bookings.
- d-f. Nil.
- g. 1 - no fees were incurred for replacement.
- h-k. 1 transaction for the value of \$85.29. The employee, a senior staff member, reported and repaid the amount in full.
- l-m. N/A.

Future Fund

Refer to Budget Estimates 2017-18 question on notice F140.

IPEA

- a. 6.
- b. APS x 3, SES x 3.
- c-m. N/A, IPEA not an entity in 2016.

Accountable Authority Instruction 3.2: Commonwealth credit cards and credit vouchers

v3 1/12/16

1. Overview

Under section 56 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), the Finance Minister can enter into a limited range of borrowing agreements (eg an agreement for credit cards or credit vouchers) provided the money borrowed is repaid within 90 days (refer to *Accountable Authority Instruction (AAI) 4.1: Agreements with banks, managing bank accounts and borrowing*).

- In the department, a Commonwealth credit card may be used to obtain goods or services on credit (this includes vendor cards, such as Cabcharge cards, travel cards and fuel cards).
- A credit voucher is a credit facility that generally comes with a spending limit (eg one-off use Cabcharge vouchers).

Debit cards, pre-paid credit cards and gift vouchers issued to the department are not Commonwealth credit cards or credit vouchers and must be treated as if they are relevant money.

Officials using a credit card or credit vouchers are committing relevant money (refer to *AAI 2: Procurement, grants and other commitments and arrangements*).

Refer to *AAI 6: Managing property* regarding the provisions that apply to lost cards or vouchers.

2. Instructions – all officials

Only an official issued with a Commonwealth credit card or credit voucher may use that credit card, credit card number or credit voucher. Officials may authorise others to use credit vouchers (eg Cabcharge) where it relates to official business and is a proper use and management of public resources.

3. Instructions – officials using Commonwealth credit cards and credit vouchers

For eligible purchases below \$10,000, payment by card is the preferred method of payment.

You:

- are responsible for the credit card or voucher and the expenses incurred
- cannot use a credit card or voucher for solely private expenditure
- must only use a credit card or voucher for official purposes, based on a proper use of public resources, and must repay any coincidental personal expenses incurred with official expenditure as soon as possible
- must comply with any conditions and transactional/credit limits applying to the card, including not disclosing the personal identification number (PIN)
- must ensure you have complied with your delegation and the relevant AAI, or have separate delegate approval before making a commitment (refer to the Internal Financial Delegation Instrument, delegations under subsections 23(1) and 23(3) of the PGPA Act or section 32B of the FF(SP) Act, and AAI 3)
- must acquit the expenses within 30 days, or as otherwise required, noting that, if you do not, the credit card or voucher facility may be withdrawn
- must keep the credit card or credit voucher facility safe, not share it and return it when requested or no longer required
- must report any loss or concerns regarding the proper use and management of a credit card or voucher as soon as possible (refer to *AAI 1.3: Fraud control*).

4. Roles and responsibilities

Role/Area	Responsibility
SES	<ul style="list-style-type: none"> • Approve Commonwealth credit card applications: <ul style="list-style-type: none"> • Assistant Secretary – subordinates only, other than specified limits • First Assistant Secretary/Deputy Secretary (BFR, CGS and G&T) – subordinates only, other than specified limits • Deputy Secretary, BES, Chief Financial Officer and Director Treasury, Tax and Asset Management Team – any application other than for themselves. • Ensure the correct and proper use and management of credit facilities within their area.
SES / Directors	<ul style="list-style-type: none"> • Approve the establishment of credit voucher facilities.
Commonwealth credit card holders	<ul style="list-style-type: none"> • All credit card holders hold, at a minimum, the position for delegation purposes of cost centre delegate. • In addition to the above instructions, a card holder must: <ul style="list-style-type: none"> • where appropriate, have their supervisor approve proposals relating to themselves (eg conferences) • upon receipt of the credit card, advise the Accounts Processing Unit of the card details (excluding the PIN).
Credit voucher facility holders	<ul style="list-style-type: none"> • All credit voucher facility holders hold, at a minimum, the position for delegation purposes of cost centre delegate. • In addition to the above instructions, credit voucher facility holders must: <ul style="list-style-type: none"> • keep records of usage and acquit expenses (via iCMS) within 30 days • ensure the facility is returned when requested or no longer required.
Chief Financial Officer or Director Treasury, Tax and Asset Management Team	<ul style="list-style-type: none"> • Withdraw and reactivate a Commonwealth credit card or voucher facility as necessary. • Revise credit card holder transaction and monthly limits as necessary.
Chief Financial Officer Branch: Accounts Processing Unit (Commonwealth credit cards and credit vouchers facilities – Cabcharge/E-Tickets)	<ul style="list-style-type: none"> • Ensure: <ul style="list-style-type: none"> • appropriate controls are in place for the management of credit cards and vouchers, including, at a minimum, annual and monthly risk reviews • holders are provided with guidance on the use of credit cards/vouchers • holders are set up as financial delegates for approving commitments of relevant money and entering into arrangements (Financial Delegate Assignment and FMIS Access form) • credit facility accounts are paid by the due date • records of credit cards and credit voucher facilities issued are maintained • regular reconciliation of transactions are undertaken and follow up transactions not acquitted within 30 days.

Operational Guidance 3.2: Using Commonwealth credit cards and credit vouchers

1. Applying for a Commonwealth credit card

To be issued with a credit card, officials are to complete and forward the following to the Accounts Processing Unit (APU), Chief Financial Officer Branch (CFOB):

- the department's *Commonwealth Credit Card Approval* form, incorporating an acknowledgment and declaration by the proposed card holder
- the bank's *credit card application* form
- the *Financial Delegate Assignment and FMIS Access* form (attaching a copy if already in place)
- an *iCMS User Application* form (if not already in place).

APU:

- undertake a consistency check, verify identification requirements and seek authorisation (from two authorised bank signatories)
- provide the *Financial Delegate Assignment and FMIS Access* form and *iCMS User Application* form to the Specialist Financial Advice Team (SFAT), CFOB, for processing
- lodge the application with the bank.

Once the application has been processed by the bank, the bank issues a unique card number (including imprinting the details on the card) directly to the card holder.

2. Applying for a Commonwealth credit voucher (including Cabcharge card or voucher)

Where credit voucher facilities are required for a functional area (Cabcharge E-Tickets) or an individual official (Cabcharge cards), the *Cabcharge Business Rules* are to be read prior to completing and submitting the following:

- the *Cabcharge Application* form to APU
- the *Financial Delegate Assignment and FMIS Access* form and *iCMS User Application* form (for the official who will be responsible for administering the facility or being issued with a Cabcharge card) to the SFAT, CFOB
- an *iCMS User Application* form (if not already in place).

When issuing these, APU will provide the details of how the arrangement is to be administered. The recipient must complete the *Issue/Transfer of Cabcharge Card/E-Ticket* form.

APU are to be advised when the Cabcharge E-Ticket pack has been completed, giving sufficient notice for a new pack of Cabcharge E-Tickets to be ordered.

3. Register of card holders/holders of vouchers

APU maintains registers detailing:

- the nature of the facility
- holder's name, area and cost centre
- card/account/voucher numbers
- credit card transaction limits

- issue and return dates
- a copy of the application and acknowledgement forms, and *Financial Delegate Assignment and FMIS Access* form.

4. Using Commonwealth credit cards and credit vouchers

Commonwealth credit card holders

On receipt, the card holder:

- activates the card according to instructions from the issuing bank
- notifies APU of the card details (excluding the PIN) and the date it was received
- APU load cost centre information into iCMS for acquittals and provide the card holder with information about their iCMS access.

Card holders may contact the corporate cards area of bank to arrange to have a PIN changed or reissued.

- Where a credit card is required to be used in an overseas locality that only accepts six digit PINs, two zeros need to be added to the end of the four digit pin.

Cash withdrawals are blocked and the card cannot be used in Automatic Teller Machines (ATMs).

If the card holder moves to another area/cost centre, APU are to be advised by email and a *Credit Card Transfer* form completed.

Card holders are to retain the documentation associated with each purchase (eg voucher (Cabcharge E-Ticket) stubs, invoices, receipts and approvals for acquittal purposes).

Credit voucher holders and users

Credit voucher holders and users are to:

- ensure credit vouchers are completely and correctly filled out with no blank spaces, particularly in respect of the value, so the details cannot be altered
- retain the documentation associated with each purchase (eg voucher (E-Ticket) stubs, invoices, receipts and approvals for acquittal purposes)
- promptly return unused credit vouchers (E-Tickets) to the issuing official (who will amend allocation details in their Register)
- be only issued E-Tickets on an 'as required' basis.

Where purchases are made over the telephone, the tax invoice is to be annotated 'telephone transaction' or the like to ensure it is not double paid and maintained with other credit card documentation.

5. Approving and authorising charges

Approval of a commitment must occur when the decision is made to use the Commonwealth credit card – approval cannot be given retrospectively (refer to *Accountable Authority Instruction (AAI) 2.1: Approving commitments of relevant money and entering into and administering arrangements*). The authorisation of items in iCMS is not approval of the commitment for the purposes of subsection 23(3) of the *Public Governance, Performance and Accountability Act 2013*, it is one of acquittal and, in most cases, supervisors undertaking a 'probity' check of expenses.

- Officials may delegate their authorising role (preferably in writing), however, care needs to be taken to ensure probity check rigour is maintained.

- If a work related item, intended for the sole personal use of the card holder, is proposed to be paid for using a credit card (eg training, conference, stationery, IT equipment etc), the supervisor of the card holder is to review the transactions before the charge is incurred.

6. Acquitting Commonwealth credit cards and credit vouchers

Officials must:

- acquit charges in iCMS within 30 days (refer to the iCMS information on the [intranet](#)) or as otherwise requested
- provide appropriate documentation, confirm that the charges were for official purposes and any information required to meet Fringe Benefits Tax requirements
- note coincidental personal expenditure that is/will be repaid
- check transactions, particularly Cabcharge, against supporting documentation (eg receipt or E-Ticket stub)
- notify APU of any disputed or credit amounts
- provide APU with acquittal documentation.

Where an official does not comply with these requirements or misuse is confirmed or suspected, the Chief Financial Officer may suspend the facility (temporarily or permanently).

Refer to *AAI 4: Managing money* for details of how accounts are paid and reconciled with iCMS.

7. Disputes

Disputed items are to be coded as a 'disputed item' in iCMS (this will also apply to any subsequent reverse charge).

- Card holders are to contact the vendor to arrange a correction.
- Where this cannot be done, the disputed item is to be reported to APU who will submit the necessary form (completed by the card holder) to the bank for investigation (up to 45 days).

If there is a question regarding the proper use of a facility, the procedures outlined in *AAI 1.3: Fraud control* are to be followed.

8. Tax and credit card fees

All GST liable supplies are to include a GST component in the price. Purchases made by Commonwealth credit card from suppliers without a valid Australian Business Number are to be minimised so the department is not subject to additional taxation rates.

Where the use of a credit card may incur a transaction fee, if the card holder determines that the convenience and overall cost of using a credit card still provides value for money, then the card may be used.

9. Return or cancellation of a Commonwealth credit card or credit voucher

Credit cards are not transferable, as such when they are no longer required they are to be cut in half and returned to APU, who write to notify the provider requesting cancellation of the card.

Credit vouchers must be returned to APU.

Officials returning cards or credit vouchers are to ensure they have acquitted their transactions in iCMS or have left the required documentation with their supervisor or Executive Assistant to facilitate acquittal.