

**Senate Finance and Public Administration Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
**Budget Estimates 2017 - 2018**

**Prime Minister and Cabinet Portfolio**

**Department/Agency:** Department of the Prime Minister and Cabinet  
**Outcome/Program:** Outcome 1: Prime Minister and Cabinet  
**Topic:** Departmental and portfolio agency credit cards

**Senator:** Bilyk

**Question reference number:** 182

**Type of question:** Written

**Date set by the committee for the return of answer:** 7 July 2017

**Number of pages:** 6

**Question:**

- 1) How many credit cards are currently on issue for staff in the Department and agencies within the portfolio? If possible, please provide a break-down of this information by APS/ SES level.
- 2) What was the value of the largest reported purchase on a credit card in calendar year 2016 and what was it for?
- 3) How much interest was paid on amounts outstanding from credit cards in calendar year 2016?
- 4) How much was paid in late fees on amounts outstanding from credit cards in calendar year 2016?
- 5) 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?
- 6) How many credit cards were reported as lost or stolen in calendar year 2016 and what was the cost of their replacement?
- 7) How many credit card purchases were deemed to be illegitimate or contrary to agency policy in calendar year 2016?
  - a) What was the total value of those purchases?
- 8) How many purchases were asked to be repaid on that basis in calendar year 2016 and what was the total value thereof?
  - a) Were all those amounts actually repaid? If no, how many were not repaid, and what was the total value thereof?
- 9) 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?
  - a) Was that amount actually repaid, in full? If no, what amount was left unpaid?
- 10) Are any credit cards currently on issue in the Department or agencies within the portfolio connected to rewards schemes?
- 11) Do staff receive any personal benefit as a result of those reward schemes?
- 12) Can a copy of the Department's staff credit card policy please be provided?

**Answer:**

1. As at 31 May 2017 the Department of the Prime Minister and Cabinet currently has 884 Credit Cards on issue. 752 are held by APS level staff and 132 by SES level staff.
2. The Department credit cards have a \$9,999 transactional limit. There were two transactions for this amount in the 2016 calendar year. The two payments were for the provision of services by the National Gallery of Australia and the Australian Public Service Commission.
3. In the 2016 calendar year no interest was paid by the Department for outstanding amounts on its credit cards.
4. In the 2016 calendar year the Department incurred no late fees on its credit cards.
5. In the 2016 calendar year there was no amount outstanding at the end of a payment period.
6. During the 2016 calendar year 10 cards were lost and two stolen. These cards were cancelled and replaced by new cards at no cost.
7. There were 59 credit card transactions deemed to be contrary to agency policy in calendar year 2016.
  - a. The total value of credit card transactions deemed contrary to agency policy in calendar year 2016 was \$4,115.
8. All credit card transactions deemed contrary to the Department's policies are required to be repaid. For the 2016 calendar year recovery action was initiated for the full \$4,115.
  - a. Yes.
9. The largest purchase contrary to agency policy and repaid in calendar year 2016 was \$865.98. An APS level PM&C staff member inadvertently booked a private flight using their corporate credit card. The staff member advised the Department and it was immediately reversed and the additional bank administration fee incurred by PM&C repaid by the staff member.
  - a. Yes.
10. No Departmental credit cards are connected to rewards schemes and the Department's policy precludes staff receiving a personal benefit from their cards usage or via reward schemes.
11. Please see answer to question 10.
12. Attached is the Department's Credit Card Secretary's Instruction.

# Secretary's Instruction (SI)

## 5.0 - Commonwealth Credit Cards/Credit Vouchers

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### **About this Secretary's Instruction (SI)**

This SI is issued under Section 20A of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and is relevant to non-corporate Commonwealth entities. It provides instruction to staff members about the use of Commonwealth credit cards and credit vouchers.

### **What are Commonwealth Credit Cards and Credit Vouchers?**

A Commonwealth credit card is a credit card issued to the Commonwealth to enable it to obtain cash, goods or services on credit (i.e. with payment deferred). A credit voucher, in a sense, is a paper based credit card that generally comes with an attached spending limit (e.g. a Cabcharge voucher).

Charge cards and vendor cards issued to the Commonwealth entity are both a form of Commonwealth credit card for the purposes of the PGPA Act:

- a. charge cards authorise the holder to buy goods or services on credit, with payment in full required to be made at a later date (currently Visa for PM&C);
- b. vendor cards (sometimes called "limited-purpose purchase cards") are charge cards provided by specific retailers (e.g. Cabcharge cards, travel cards and fuel cards).

Credit cards and credit vouchers issued to the Commonwealth are different from personal credit cards or vouchers, as they do not provide the holder with a revolving line of credit. Money borrowed by the Commonwealth through the use of a credit card or credit voucher must be paid in full within a specific timeframe.

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

### **How do Commonwealth Credit Cards and Credit Vouchers Work?**

The use of a Commonwealth credit card or credit voucher is a borrowing by the Commonwealth (i.e. an advance of money that must be repaid in accordance with contractually agreed terms).

The Finance Minister can enter into a limited range of borrowing agreements under Section 56 of the PGPA Act. This includes entering into an agreement for the issue to, and use by, the Commonwealth of credit cards or credit vouchers, provided that the agreement requires the money borrowed to be repaid within 90 days. The Finance Minister has delegated this power to all accountable authorities of non-corporate Commonwealth entities.

Generally, an accountable authority (the Secretary) will enter into a single overarching borrowing agreement for each form of Commonwealth credit card or credit voucher. Officials then act on the relevant borrowing agreement by using a card or voucher issued under that agreement – each Commonwealth credit card and credit voucher is not a separate borrowing agreement.

## **Instructions – All Officials**

Only an official may use a Commonwealth credit card or credit voucher.

Anyone seeking a credit card must be able to demonstrate a legitimate business requirement and must obtain the approval of an appropriate authority.

Prior to receiving their credit card, the cardholder must sign a credit card agreement, acknowledging the conditions of use.

Only the person issued with a Commonwealth credit card or credit voucher, or someone specifically authorised by that person, may use that credit card, credit card number or credit voucher.

Credit cards must be used for official purposes only, within approved transactional limits and within available budget limits. Credit cards are to be used for simple procurement, travel and administrative purchases to enhance operational efficiency.

You may only use a Commonwealth credit card or card number to obtain goods or services for the Commonwealth. However, you may use a Commonwealth credit card or card number to pay for private expenditure which is coincidental to your work duties, if the accountable authority (the Secretary) has authorised this. You cannot use a Commonwealth credit card or card number for solely private expenditure.

In deciding whether to use a Commonwealth credit card or credit voucher, you should consider whether it would be the most cost-effective payment option in the circumstances.

Before using a Commonwealth credit card or credit voucher, you must ensure that the requirements in SI 2.1 – Approval and Commitment of Relevant Money have been met before entering into the arrangement.

You must ensure that your use of a Commonwealth credit card or credit voucher is consistent with the terms of the approval given under section 18 of the PGPA Rule (Approving Commitments of Relevant Money), including any conditions of the approval.

You must ensure that any Commonwealth credit cards and credit vouchers issued to you are stored safely and securely.

Cardholders who have been found to misuse their card will be required to surrender their card to the credit card administrator and may be subject to action under the PGPA Act or the APS Values and Code of Conduct.

Any suspected misuse, loss or theft of a PM&C credit card must immediately be reported to:

- a. the credit card provider;
- b. The credit card manager, Shared Services; and
- c. Director, Financial Operations, Department of Prime Minister & Cabinet.

All PM&C purchasing and procurement requirements must be adhered to when using a credit card.

## **Instructions – Officials Responsible for Supervising Credit Card and Credit Voucher Holders**

Line Managers of corporate credit card holders (excluding CRS Australia) must:

- a. Review the credit card reconciliation form for the cardholder, after receiving it electronically via their ESSentials inbox; and
- b. Confirm they have reviewed the transactions by clicking the ‘reviewed’ button on the electronic document.

## **Instructions – Staff Authorised to Issue Commonwealth Credit Cards**

The card issuing officer is to retain completed Agreement and Acknowledgement forms. The card issuing officer is to maintain a Register of Cardholders, containing card holders’ details.

## **Instructions – Staff with a Delegation to Enter Into Agreements for Commonwealth Credit Cards and Credit Vouchers**

When entering into a borrowing agreement for the issue to, and use by, the Commonwealth of credit cards or credit vouchers, you must:

- a. have a valid delegation to enter into borrowing arrangements;
- b. comply with the directions in the delegations from the Finance Minister or the accountable authority;
- c. ensure that the requirements in SI 2.1 - Approval and Commitment of Relevant Money have been met; and
- d. ensure that the procurement of the credit card and/or credit voucher services is in accordance with the Commonwealth Procurement Rules (CPRs) (see SI 3.0 - Procurement).

You must also:

- a. comply with the directions in the delegation from the Finance Minister (under section 56) or any directions in the delegation from your accountable authority; and
- b. ensure that the borrowing agreement requires the money borrowed to be repaid within 90 days of the Commonwealth being notified of the amount borrowed.

## Related Guidance

In order to comply with the Secretary's requirements embodied in the above instructions PM&C officials must have regard to Financial Rule 5.1.

## Additional Information

There are no penalties under the PGPA Act.

## References

Item	Reference
PGPA Act	s56
PGPA Rule	
Related Commonwealth Guidance	ANAO Report 37: Management of Credit Cards
Related PM&C Secretary's Instructions	
Related PM&C Financial Rule	5.1
Other PM&C Documents	
PM&C Financial Delegations	11

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## Approval

Approved By: Mr M Thawley  
Approval Date: 02/12/2014  
Date of Effect: 02/12/2014  
Queries To: [Help-FinancialGovernance@pmc.gov.au](mailto:Help-FinancialGovernance@pmc.gov.au)

## Review Date

This instruction is to be reviewed: 01/12/2015