

Senate Finance and Public Administration Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
2017-2018 BUDGET ESTIMATES

Prime Minister and Cabinet Portfolio

Department/Agency: Australian Public Service Commission

Outcome/Program: 1.1

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: 13 (including Attachment)

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) What 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) 202 credit cards are currently on issue for staff.

Break-down by level:

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Level	Count
APS3	6
APS4	14
APS5	10
APS6	24
EL1	102
EL2	33
SESB1	8
SESB2	2
SESB3	1
SOH	2
Total	202

Note: EL1 level includes 30 casual employees who are issued with travel cards.

- 2) The largest purchase on a credit card in calendar year 2016 was for \$16,994.40 for a course accommodation booking.
- 3) Nil.
- 4) Nil.
- 5) Nil. All cards are automatically paid on their due date.
- 6) 2 credit cards were lost in in the mail during calendar year 2016. There was no cost for their replacement.
- 7) 10 credit card purchases were made by accident for personal items in calendar year 2016.
 - a) The total value of those purchases was \$764.02.
- 8) These purchases were all repaid, with a total value of \$764.02.
 - a) Yes.
- 9) The largest accidental purchase asked to be repaid in calendar year 2016 was for \$400.64. The cardholder's level was EL1.
 - a) Yes.
- 10) No.
- 11) N/A.
- 12) Yes. Refer Attachment.



Australian Government
Australian Public Service
Commission

Australian Public Service Commission

MANAGEMENT OF COMMISSION CREDIT CARDS

APRIL 2016



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Part 1 – Overview

Introduction

This Guide provides a practical tool to help you manage the use of the Commission credit cards, including the Australian Government Credit Card.

This Guide, the Accountable Authority Instructions (AAIs) and Procedural Directions form the framework for the management of Commission credit cards.

Commission Policy

The AAI's, Procedural Directions and this Guidance material has been developed to meet the requirements of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) other relevant legislation and Resource Management Guides.

They provide guidance for the administrator, the cardholder, their assistant (if applicable), the cardholders' supervisor and the Finance Area.

Administrators of the Commission credit cards

Officials within the Finance Area will undertake the role of credit card administrator for the Commission. The Group Manager, Corporate and the Chief Financial Officer (CFO) are responsible for appointing credit card Administrators.

Credit Card Management System

From 1 July 2014, all credit card purchases are to be recorded, approved and acquitted online on the *Connect* credit card module (and travel module if applicable).

In conjunction with the introduction of the credit card system, receipts are to be stored electronically in a cardholder's individual credit card acquittal container in Squirrel. Once receipts / tax invoices are stored in a legible form in the Squirrel container, hard copy receipts are not required to be retained.

Part 2 – Applying for and issuing a credit card

Applying for a credit card

The [Commission's Enterprise Agreement 2015-18](#) clause 136 provides for staff to be issued with a credit card to pay for expenses while on official travel. Similar provisions also apply for SES level staff (or equivalent).

Credit cards will be issued to all EL and SES level staff (or equivalent) upon their commencement.

Other staff who consider that there is a business need for a credit card must seek support of their Group Manager (GM).

The Finance Area will then seek additional details to complete the cardholder's application.

All applications for a credit card **must** be forwarded to the credit card administrator.

Issuing a credit card

The credit card administrator will:

- Issue cards to EL and SES staff on their commencement. The GM must be advised of their staff's card limit.
- Ensure the GM has approved that a card be issued to APS level staff.
- Apply the following credit limits:
 - The default limit for a credit card is \$5,000.
 - A \$2,000 limit can be set for a staff member who requires a card for low value transactions.
 - If a staff member is travelling domestically or is a domestic travel arranger, they will be assigned a limit of \$10,000.
 - If a staff member is travelling internationally, they will be assigned a limit of \$20,000.
 - If the staff member is an international travel arranger, they will be assigned a limit of \$50,000 (This high limit is required as multiple or bulk trips might be booked).
 - Temporary higher limits can be granted upon Group Manager's approval to facilitate business needs, mainly for international travel. Credit limits will be reduced to the previous level the month after the business has concluded.
- Be an Authorised Representative prior to submitting applications to the credit card supplier; and
- Arrange for the cardholder to sign a cardholder agreement and acknowledgment form when the credit card is received.

A credit card administrator **must**:

- Not issue a credit card to an official unless they have the authority to enter into Commonwealth liabilities.
- Not issue a credit card to APS level staff without the approval of their Group Manager;

- Ensure that cardholders acknowledge in writing, the conditions set out in the cardholder agreement form and these instructions; and
- Ensure that cardholders are appropriately briefed and/or trained in using the credit card.

Part 3 – Using a credit card

Using a credit card

Cardholder Agreement

Cardholders must comply with the conditions set out in the Cardholder Agreement and Acknowledgement Form which they have signed and be trained in the use of the credit card.

Cardholders must ensure that:

- their monthly purchases/payments do not exceed the billing period credit limit set for their credit card,
- they **report a lost credit card immediately to the issuing authority** and the credit card issuing official and
- they maintain their credit card in a secure place at all times. This includes making arrangements for safe storage of the credit card when going on extended leave. The Finance Area can provide safe storage of your credit card if required.

Procurement requirements

The normal procurement requirements of the [Commonwealth Procurement Rules](#) (CPRs) apply to the use of credit cards. It is therefore important that cardholders when procuring goods and services have regard to the CPRs and Commission guidelines outlining appropriate standards for spending public money.

Cardholders must also be satisfied that using the credit card is the most cost-effective payment mechanism and only use the card for official purposes, unless authorised by a delegate.

Cardholders must:

- for purchases over \$10 000, ensure that the purchase is notified to the Finance Area for gazettal; and
- ensure to promptly notify the Finance Area of all purchases of portable and attractive assets.

Australian Government Payment Card Policy

[Resource Management Guide \(RMG\) No. 416 – Facilitating Supplier Payment Through Payment Card](#) promotes the use of payment cards (i.e. credit cards) as the preferred option for eligible payments to suppliers for amounts below \$10,000 (including GST and merchant fees). This policy only applies to **one off non-contractual** arrangements. For all incremental payments and payments for services provided under a contract, invoices must be used as a means of payment.

In applying this policy a credit card should be used for eligible payments where the credit card surcharge **does not** exceed \$20. If the surcharge would be greater than \$20, payment should be made by invoice.

A link to a credit card surcharge calculator is available at [D14/66287](#).

Approval to spend public moneys

If a cardholder has the authority to approve proposals to commit public money (i.e. they are approvers) they may approve credit card payments in accordance with the relevant PGPA Rules and AAls. However, if they do not have the authority to approve proposals to commit public money they must ensure that the proposed payment has been approved by an approver before making the payment using the credit card.

All planned purchases must be entered in the Connect credit card system for approval by the card holder's supervisor¹.

Cardholders must:

- Only use the credit card for cash advances if authorised to do so; and
- Use the credit card for travel-related expenditure only if authorised to do so.

Authority to enter into contracts or agreements

A cardholder may only use the credit card when they have the authority to enter into a Commonwealth contract or agreement.

Financial delegations

Cardholders must ensure that individual purchases do not exceed the financial limits of their financial [authorisation](#) and that purchases are not split to keep within financial limits.

Tax invoices and receipts

Cardholders must, in their credit card acquittal container in Squirrel, retain electronic records of all documentation associated with the purchase of goods and services to support payment of the credit card monthly account.

Cardholders must ensure that a Tax Invoice is obtained for all purchases/payments above \$82.50 (GST inclusive) from GST registered suppliers to ensure Tax Input Credits can be claimed.

Receipts below \$82.50 (GST inclusive) should have a complete and full description of the goods or services purchased - the word 'goods' or similar general description is not acceptable.

The receipt given for the purchase on the credit card is usually NOT a tax invoice, i.e. the slip of paper received stating that the payment was approved (however, Cabcharge paid using Diners Card is an exception). Similarly, purchase receipts from PayPal will generally not meet the requirement to be a tax invoice.

¹ Please note that planned expenditure in the credit card system can be created as one single item for total value of a whole series of related transactions, such as for all taxis, meals, airfares and accommodation for a single domestic trip.

A tax invoice must have the following to be a fully compliant tax invoice:

- The words 'tax invoice' stated prominently;
- Name or trading name of the supplier;
- Supplier's ABN;
- Date of issue;
- A brief description of the supply;
- The GST amount or states the total price includes/excludes GST; and
- Name and address of the recipient (Australian Public Service Commission) for invoices over \$1 000.

Where a tax invoice/invoice has been lost, the cardholder must first try to obtain a copy, if this is not possible the cardholder must fill out the form '[Missing Receipts Minute Template](#)'. In such circumstances GST input tax credits cannot be claimed.

Payments of Whole of Australian Government (WoAG) travel costs

A separate tax invoice is not required for the WoAG travel costs that are paid against your Diners card. The WoAG Travel Arrangements provide a 'paperless' process from booking through to payment for official travel, through enhanced data and reporting function. The enhanced data remove the need to retain receipts or invoices for taxation purposes by directly populating GST compliant travel costs into the credit card acquittal system. The enhanced data including Trip numbers and GST amounts can be viewed by hovering over the description line in your credit card acquittal. Please note that:

- this currently only applies to the items purchased through the WoAG arrangements (ie via QBT, AoT, Thrifty or Europcar).
- you will still need to obtain a tax invoice for any other expenditure charged to your Diners card (e.g. taxi fare) and any item charged to your MasterCard.
- your delegate may still require documentation to support the purchase such as an itinerary or a booking confirmation.

Storage of receipts and naming convention

All receipts are to be stored electronically in a cardholder's individual credit card acquittal container in Squirrel. Once receipts / tax invoices are stored in a legible form in the Squirrel container, hard copy receipts are not required to be retained.

Receipts can be stored in the container at the time of purchase or before acquittal is due.

The naming convention for receipts is: Mmmm YYYY – Description - Trip No (if relevant) e.g July 2014 – Taxi Receipts – Trip 12345 to Perth 18-19 July.

Official hospitality

All purchases relating to official hospitality (see AAI 2.3: Official Hospitality) must have a signed Hospitality Expenses Declaration Form attached to the receipt. This form is used for the purchase of meals and/or the consumption of alcohol that are not for travel or training

purposes. The form needs to list the staff of the Commission as well as non-Commission staff who receives hospitality.

Monthly statements

All credit transactions will be loaded on a daily basis into the *Connect* credit card module. At the end of each month, the monthly statement will be available for card holders or their assistants to reconcile and acquit. Before the monthly statement is submitted, all transactions must be fully coded² to general ledger (G/L), cost centre and internal order number (if applicable). Once finalised, the statements are submitted to the cardholders delegate for verification and approval.

Acquittal will normally be due by one week before the last calendar day of the next month. The exact due date for acquittals will be notified by Corporate Finance by email each month. The due date maybe adjusted to take into account public holidays and shut down period. All acquittal must be submitted and approved before the due date.

² Please note that all credit card transactions will be coded to default general ledger codes based on the supplier category and a default cost centre based on the card holders team.

Part 4 – Review of activity on the credit card

Supervisors

Supervisors of cardholders **must**:

- ensure that cardholders are appropriately briefed and/or trained in using the credit card;
- verify cardholders monthly statements are reviewed and ensure that receipts are provided for all purchases BEFORE the statement is approved.
- regularly review cardholders' usage to ensure that the credit cards are being used properly. Items to review include:
 - that travel allowance is not double claimed;
 - the credit card is used in compliance with the Commission's policies and procedures,
 - that cardholders have a continuing need for the credit card and the limit remains appropriate

Credit card Administrators

A credit card administrator **must**:

- Create a credit card acquittal container in Squirrel for credit card holders to store their receipts / tax invoices;
- Review patterns of usage annually
 - to review whether a credit card is still required and
 - seek agreement to adjust card and transaction limits as appropriate;
- Monitor situations where the credit card is used for high value transactions (e.g. above \$10 000); and
- Keep proper records of the credit cards issued and relevant details of cardholders.

Part 5 – Finance Area role

The Finance Area **must**:

- Ensure that the payment of the account is correctly recorded in the credit card clearing account in the finance system;
- Reconcile the credit provider account as soon as practicable after the account has been paid;
- Carry out any post-reconciliation adjustments as necessary;
- Review travel-related expenditure to ensure that travel allowance was not also paid to the cardholder;
- Refer instances of high value domestic purchases above \$10,000 to the senior finance officer to ensure that Gazettal occurs;
- Review cardholder statements for appropriate invoices and refer any instances where missing invoices have not been explained to the CFO; and
- Ensure cardholders have appropriate delegations.