

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

Finance Portfolio
24-25 May 2017

Department/Agency: Future Fund
Outcome/Program: General
Topic: Credit Cards

Senator: Bilyk
Question reference number: F140
Type of question: Written
Date set by the committee for the return of answer: Friday, 7 July 2017

Number of pages: 5

Question:

How many credit cards are currently on issue for agency staff?
What was the value of the largest reported purchase on a credit card in calendar year 2016 and what was it for?
How much interest was paid on amounts outstanding from credit cards in calendar year 2016?
How much was paid in late fees on amounts outstanding from credit cards in calendar year 2016?
What was the largest amount outstanding on a single card at the end of a payment period in calendar year 2016?
How many credit cards were reported as lost or stolen in calendar year 2016 and what was the cost of their replacement?
How many credit card purchases were deemed to be illegitimate or contrary to agency policy in calendar year 2016? What was the total value of those purchases? 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?
What was the largest purchase that was deemed illegitimate or contrary to agency policy and asked to be repaid in calendar year 2016? What that amount actually repaid, in full? If no, what amount was left unpaid?
Are any credit cards currently on issue connected to rewards schemes? Do staff receive any personal benefit as a result of those reward schemes?
Can a copy of the agency's staff credit card policy please be provided?

Answer:

1. 145.
2. It would be an unreasonable diversion of resources to review 12 months of credit card transactions for all cards on issue. Limits on individual cards are generally kept at \$2,000 unless a staff member is travelling in which case the limit is temporarily increased to between \$5,000 to \$10,000. Senior staff have credit limits of up to \$10,000. All expenses charged to an Agency credit card are reviewed by the relevant manager and the Chief Financial Officer.
3. The account is paid monthly by the due date so no interest was paid during calendar year 2016.
4. Zero.

5. It would be an unreasonable diversion of resources to review 12 months of credit card transactions for all cards on issue.
6. 19 cards were lost or stolen during calendar year 2016. There is no cost to replace a card.
7. Our policy requires the Chief Financial Officer to report all significant breaches of our credit card policy to the Managing Director. No significant breaches were identified in 2016. Consistent with our policy, any personal expenditure incurred on a corporate credit card must be promptly reimbursed. We do not maintain an aggregate record of these reimbursements and it would be an unreasonable diversion of resources to produce this. However, our policy and expense reconciliation process ensures that any and all personal expenses incurred in 2016 were promptly reimbursed. No amount was not repaid.
8. It would be an unnecessary diversion of resources to produce this information. Consistent with our policy, any personal expenditure incurred on a corporate credit card must be promptly reimbursed.
9. No.
10. Yes. The *Issue and Use of Credit Cards Policy* is attached.



Issue and Use of Credit Cards Policy

Effective Date: July 2014

Approved By: Managing Director

This policy documents the Agency's approach in the issue and use of Agency credit cards.

1. Introduction

- 1.1. Credit cards offer a convenient payment mechanism and can create less of an administrative burden when arranging for the payment of low value goods and services, both to the Agency and suppliers.
- 1.2. All staff must note that credit cards serve only as a payment mechanism and standard expenditure/procurement requirements apply to all credit card transactions. Cardholders must ensure that all proposed credit card transactions comply with the requirements of the Commitment of Money and Entering into Arrangements Policy.

2. Policy

- 2.1. Expenditure using credit cards must be reasonable. A useful reference point is that you would expect to be reimbursed for the expenditure had you incurred the expense personally.
- 2.2. The Agency has set the following credit limits for credit cards issued by the Agency:
 - i) Accountable Authority (Chair of the Board), Managing Director, Chief Financial Officer, Chief Operating Officer, Chief Investment Officer, Chief Human Resources Officer and General Counsel to have a credit limit of up to \$10,000;
 - ii) Direct reports to the officers listed at item 2.2.i) above to have a credit limit of up to \$5,000;
 - iii) All other card holders to have a credit limit of up to \$2,000; and
 - iv) All cards to have no limit on the number of transactions per month.
- 2.3. Exceptions to these credit limits may be made on a case by case basis with the approval of the Chief Financial Officer.
- 2.4. Prior to travel overseas this limit will be increased if necessary to an appropriately determined amount, given the countries to be visited and the length of the trip. This must be coordinated with Finance prior to departure.
- 2.5. Cardholders must comply with the conditions applying to usage of the card, as set out in the cardholder's agreement with the issuing bank.
- 2.6. Cardholders are responsible for the security of their card and PIN. Cardholders must not allow their cards to be used by any other person. They must immediately report any suspected misuse, loss or theft of the card to the issuing bank in the first instance and then to Finance.

- 2.7. Cardholders must complete monthly reconciliations of expenditure with valid tax invoices (or the equivalent) supplied. Descriptions of expenditure incurred must be in sufficient detail to enable the approver to ascertain the nature of the expense. If an invoice is misplaced cardholders should complete a statutory declaration outlining the nature of the expenditure and confirming it was incurred for bona fide business purposes.
- 2.8. Monthly statement reconciliations are to be approved by the cardholder's immediate manager prior to passing to Finance for payment. Reconciliations must be provided to Finance promptly to enable the payment of the monthly account. The Accountable Authority's (Chair of the Board's) and Managing Director's reconciliations will be approved by the Chief Financial Officer.
- 2.9. Credit cards cannot be used for cash advances. When staff are required to travel, an appropriate advance will be provided by Finance to cover daily incidental expenditures in appropriate currencies. A full account of the expenditure of the cash advance must be kept and receipts should be kept where possible. Excess monies must be returned to Finance.
- 2.10. When credit cards are used to pay for hospitality, the expenditure claim must include the names of Agency staff and non-Agency people entertained. Note that Fringe Benefits Tax (FBT) applies to Agency entertainment and the Agency has elected under the relevant legislation to apply FBT to 50% of the total entertainment expenditure regardless of the number of Agency/non-Agency staff attending. The recording of names will help ensure that Finance can ascertain if this election achieves the best financial outcome for the Agency. The requirements of the Gifts and Hospitality Policy must also be applied when providing hospitality.
- 2.11. Personal cards may be used in emergency situations only with reimbursement at a later date. Credit charges are prima facie the personal cardholder's responsibility, however the Chief Financial Officer may approve reimbursement at his/her discretion.
- 2.12. Agency credit cards must not in any circumstances be used for personal expenditure. If, however, an Agency credit card is used for personal expenditure, the Agency must promptly be reimbursed.
- 2.13. Internal Audit reviews will take place over credit card usage on an annual basis.
- 2.14. Finance shall maintain full records of all cards issued.

3. Roles and responsibilities

- 3.1. The Chief Financial Officer must:
 - i) ensure that cardholders are adequately informed of their obligations before being issued with a credit card;
 - ii) investigate any transactions that are questionable;
 - iii) provide a report to the Managing Director on all significant identified breaches of this policy;
 - iv) ensure that the monthly credit card facility account is paid by the due date; and

- v) ensure that regular reviews of credit card operations are undertaken, as part of the internal audit program, to validate the adequacy of internal controls across the Agency.

4. Version control

- 4.1. This table records the versions and main changes made to the Issue and Use of Credit Cards Policy.

Version number	Date approved	Brief description of amendments
1	January 2007	Initial document.
2	December 2007	General edits.
3	December 2009	General edits.
4	July 2014	General edits, updates for the purposes of the PGPA Act.