

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS

BUDGET ESTIMATES 2017

Attorney General's Department

Program: 1.1 AGD Operating Expenses - Civil Justice and Legal Services

Question No. BE17-127

Senator Bilyk asked the following question on 02 June 2017:

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. 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 and what was the card holder's APS/ SES level?

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, and what was the cardholder's APS/ SES level? What that amount actually repaid, in full? If no, what amount was left unpaid?

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?

Can a copy of the Department's staff credit card policy please be provided?

The response to the honourable Senator's question is as follows:

2,377 virtual and physical credit cards have been issued to APS and SES employees. Some employees have both physical and virtual credit cards. All staff are issued with a virtual credit card under the whole of government travel arrangements negotiated with Diners Club.

The largest single purchase in calendar year 2016 was a payment to Qantas of \$14,414 for international airfares. Payment by credit card is required under the whole of government travel arrangements.

No late fees or interest payable is incurred under current arrangements with the department's credit card providers.

There were no outstanding amounts on a single card at the end of any payment period during calendar year 2016.

34 cards were reported as lost. No fees are payable for replacement cards.

During calendar year 2016 there were 70 credit card purchases that were non-compliant; the total value of the purchases was \$5,320.66. All non-compliant purchases are required to be repaid to the Department; the outstanding balance is \$1,456.86 which is being progressively repaid. The largest purchase was \$1,118.70 by an APSL6 Officer in the department; the amount was fully repaid to the department.

No rewards schemes are connected to credit cards issued by the department and no personal benefits are received.

Extracts from the relevant credit card policies are at attachments A and B:

- **Attachment A** – Attorney General's Department Secretary's Instructions to staff on the use of Corporate Credit Cards
- **Attachment B** – Australian Government Solicitor National Finance Standard 3 - Credit Cards on the use of Corporate Credit Cards

Attorney General's Department Corporate Credit Cards

Principal Instructions

- A.** An official may only use a corporate credit card or card number to obtain cash, goods or services for the Commonwealth. You cannot use a corporate credit card or card number for solely private expenditure.
- B.** Only the person issued with a corporate credit card or someone specifically authorised by that person (refer section 4.6.5 below), may use that credit card or credit card number.
- C.** An official's Division Head or above must approve the issue of a corporate credit card, the purpose for which it may be used and the monthly credit limit.
- D.** A corporate credit card must only be used for official purposes and in accordance with these instructions. A corporate credit card may be used in limited circumstances to pay for coincidental private expenditure whilst travelling internationally on official business.
- E.** When using a corporate credit card, officials may be exercising their authority as a spending delegate or relying on the approval of another spending delegate. Where the official approving the expenditure is not the card holder or credit card approver (generally the supervisor), this approval should be given in writing prior to the credit card being used, irrespective of value.
- F.** Card holders must ensure safe custody of the card and report any loss or misuse immediately.
- G.** In restricted circumstances, General Manager, Corporate Services Division may approve cash advances on a corporate credit card where it is deemed necessary.
- H.** An official can use their card to pay for expenses where there could be a perceived personal benefit provided the expenditure was approved in writing, by an appropriate delegate, prior to the purchase.
- I.** An official being seconded to another agency must return their credit card to the Department prior to commencing their secondment.

Key References

- [Quick Guide – Using and approving corporate credit cards](#)

Introduction

1. A corporate credit card may be issued to an official for:

- (a) paying for procurements up to the monthly credit limit of the card (general purchases), and/or
- (b) paying official travel expenses (travel expenses).

2. The use of a corporate credit card is the Department's preferred method of payment where the payment can be made at the point of purchase and where it is efficient and economical to do so, taking into account the monthly credit limit and if applicable, merchant service fees. In accordance with [RMG 416 Facilitating Supplier Payment Through Payment Card](#), one-off payments of up to \$10,000 must be made on credit card if the supplier requests this payment method. This is preferred payment method as determined by the Department of Finance.

3. Procedures for obtaining and using a corporate credit card and for acquitting transactions are provided on the [Corporate Credit Card intranet page](#).

Issuing or amending a corporate credit card

4. A request for the issue of a corporate credit card to an official of the Department must have the approval of a Division Head. For Division Heads and above, the issue of a card must be approved by someone who is senior to the requestor. All requests for the issue of a card must specify the purpose for which the card is being issued and the monthly credit limit. Any amendments to the purpose or monthly credit limit must also be approved by a Division Head or above.

5. Division Heads must approve the monthly credit limit for all credit cards in writing up to a maximum of \$9,999. Approval for a higher monthly credit limit may be sought from the General Manager, Corporate Services Division to meet specific business purposes (eg. allow for payments in emergencies).

6. Before an official can be issued with a corporate credit card, they must:

- (a) complete an 'Agreement and Acknowledgment by Card Holder' form (this form stipulates the conditions under which the corporate credit card is to be used and is binding on the cardholder), and
- (b) complete the e-learning modules, 'Introduction to SAP' and 'SAP Credit Card module for the Cardholder'.

7. The General Manager, Corporate Services Division may also specify that an official and /or the official's supervisor attend financial training as a condition of the ongoing use of the credit card. Holders of credit cards with emergency credit limits are required to attend training, provided by Financial Framework and Reporting Section, prior to using the emergency credit limit.

Responsibilities of cardholders

8. The card holder must:

- (a) comply with the terms and limits of their delegation under SI 4.1 and the conditions specified in the [AGD spending delegations](#)

- (b) only use the card for official purposes with the exception of coincidental private expenditure as outlined in SI 5.1.6 'Use of corporate credit card for travel related expenses'
 - (c) not allow the card or card details to be used by another person except as permitted under SI 4.6.5
 - (d) only spend within the approved monthly credit limit
 - (e) reconcile, code and submit the monthly statement to allow the approval by a spending delegate, more senior than the card holder, prior to the 23rd of the month (or next business day) – unless the card holder is unavailable due to absence from the office (eg. leave or travel) or any tax invoices relating to that monthly statement have not been received from a supplier. In the case of absences, the credit card statement should be coded and submitted for approval within five working days of the cardholder returning to the office. Where a tax invoice has not been received, the supplier must be contacted and requested to send it as soon as possible.
 - (f) ensure that alternate arrangements for the timely processing of monthly statements are made prior to any expected leave over the statement submission period
 - (g) be responsible for the reconciliation and coding of the monthly statement where another official (a 'processing delegate') performs this function in myHub on behalf of the cardholder
 - (h) be responsible for the security of the card, and
 - (i) report lost or stolen cards immediately to the bank (initially by phone and subsequently in writing), the Credit Card Administrator and the cardholder's supervisor.
- 9.** Retaining tax invoices for purchases is mandatory for any credit card purchases of \$75 or more excluding GST (\$82.50 including GST). This is required so the Department is able to claim the input tax credit from the ATO. Retaining documentation associated with any credit card purchases under \$75 excluding GST is advisable to allow the spending delegate to approve the credit card statement with confidence, but is not obligatory. The documentation is to be retained in electronic format as per the [Document Retention Procedure](#) for credit cards.
- 10.** If a docket or tax invoice for a credit card charge is lost or damaged, the card holder may be required to provide sufficient documentation to the spending delegate to allow that person to approve the statement with confidence. A statutory declaration is the preferred method of documenting the purpose and details of such purchases.
- 11.** Provided the instruction in the s4.6.3.8 above is followed, a card holder will not be personally liable for any misuse due to the loss or theft of a corporate credit card.
- 12.** In restricted circumstances, the General Manager, Corporate Services Division may approve cash advances (ATM access) on a corporate credit card. This should only occur where a payment needs to be made and cannot be made using alternative means such as a purchase on the credit card itself or via electronic funds transfer. Where such approval is given, the credit

cardholder must be added to the Cash Advances Register as a temporary advance holder and removed once there is no longer a need for ATM access.

13. The General Manager, Corporate Services Division must also issue the credit card holder with a drawing right prior to any cash advance occurring.

14. A corporate credit card must not be used for:

- (a) purchases in excess of the card or monthly credit limit
- (b) paying a supplier by providing card details in an email or on an unsecure internet site
- (c) the purposes of depositing money, or
- (d) private expenditure (except for coincidental expenditure as outlined in Section 5.1.6.15).

15. Officials using a corporate credit card for the purpose of paying travel expenses must also comply with the additional instructions in Chapter 5 of the SIs (Official Travel) in relation to those purchases.

16. A card holder may use the corporate credit card to pay a mobile telephone invoice that includes both official calls and private calls provided they are included on the same bill. The coincidental private expenditure less the reasonable personal use limit set by the Secretary must be reimbursed to the Department by the card holder in accordance with the Departmental Mobile Phone Guidance.

17. In cases of any purchases in excess of \$10,000, officials must enter the procurement into the Department's procurement myHub System to ensure compliance with the AusTender reporting requirements.

18. Officials must comply with any additional instructions relating to the purpose and use of the corporate credit card issued by their Division Head.

19. Division Heads must withdraw and request cancellation of an official's corporate credit card where it is found that the official cannot comply with these instructions or the conditions specified in the [Agreement and Acknowledgment by Card Holder Form](#) signed by the official.

20. All cases of corporate credit card misuse or suspected cases of misuse must be handled in accordance with the [Fraud Control Handbook](#).

Responsibilities of Supervisors

21. The supervisor of a credit cardholder must:

- (a) ensure that the cardholder submits their monthly statement for approval in myHub
- (b) check transactions on the cardholder's monthly statement to ensure that they are for official purposes
- (c) check that all relevant documentation (receipts/tax invoices and approvals) has been provided; and

- (d) ensure the monthly statement is approved in myHub by the 23rd of the month (or next business day). Where another official (an ‘approval delegate’) approves the monthly statement in myHub on behalf of the supervisor, the supervisor retains primary responsibility for ensuring all transactions are for official purposes and their approval must be documented prior to the monthly statement being approved in myHub.

Authorisation to use the details of a credit card

22. A card holder must not give their card to another person under the terms of the Department’s banking agreement. For this reason, it is recommended that any officer who is required to obtain goods or services on a regular basis is issued with their own credit card.

23. Only SES officers and statutory office holders may give their card details (card number, expiry date etc) to another departmental officer for the purpose of procuring goods and services. Authorisation may only be given if the card holder:

- (a) provides authority to use the card details in writing to the authorised officer. A standing authorisation may be issued, but should not extend beyond the end of the current financial year and be consistent with the guidance on the [Corporate Credit Card intranet page](#).
- (b) approves each purchase made on the card prior to it occurring
- (c) requires that the authorised officer attends a Credit Card Information Session
- (d) does not disclose the PIN of the card to the authorised officer (if applicable); and
- (e) ensures that the authorised officer is aware of their obligations, as set out on the [Corporate Credit Card intranet page](#).

24. The SES officer or statutory office holder remains responsible for ensuring all purchases on the card are for official purposes.

Role of Credit Card Administrator

25. The Credit Card Administrator, Corporate Services Division, is responsible for issuing and cancelling all corporate credit cards.

26. Where a card holder is no longer required to use a corporate credit card or upon cessation of employment or secondment to another agency, the card must be returned to the Credit Card Administrator in Corporate Services Division for cancellation. The card should be returned in person or, where this is not possible (eg the official is not located in close proximity to the Credit Card Administrator), the card should be cancelled or physically destroyed before being mailed to the Credit Card Administrator.

Use of high limit credit cards (\$50,000 and above)

27. Designated officials within Emergency Management Australia (EMA) have been issued with credit cards which are only to be used in response to an emergency related to the protection of human health or essential security interests. A list of the positions authorised to hold such a

card (an emergency credit card) are in the [Public Governance, Performance and Accountability Financial Delegation](#).

- (a) Where a credit card is to be used for an emergency related purpose, the card holder must firstly obtain approval for the expenditure from one of the following persons:
 - (i) the Deputy Secretary responsible for EMA, or
 - (ii) the Director-General of EMA, or
 - (iii) the Branch Head for the branch in which the authorised person is positioned, or
 - (iv) the General Manager, Corporate Services Division.
- (b) An official who holds an emergency credit card must notify the Credit Card Administrator and the Financial Framework and Reporting Section when they no longer occupy a position which requires an emergency credit card.

28. The General Counsel (International Law), within the Office of International Law has been issued with a high limit credit card:

- (a) the high limit credit card is only to be used if the relevant commitment or arrangement:
 - (i) does not exceed \$50,000 per transaction, and
 - (ii) is in relation to expenditure for accommodation and administrative costs relating to the hearing of cases before international courts and tribunals.
 - (iii) If the condition of SI 4.6.7.28 (a)(ii) is not met, the person may only enter into or vary an arrangement that does not exceed \$9,999 per transaction.
- (b) The person may not enter into or vary an arrangement using a departmental credit card if it would result in the collective expenditure against the credit card exceeding \$50,000 for the monthly statement period.
- (c) The General Counsel (International Law), within the Office of International Law must notify the Credit Card Administrator and the Financial Framework and Reporting Section when they no longer require a high limit credit card for the costs relating to international courts and tribunals.

Credit Card Misuse

Overarching Misuse Policy

29. You must not use a Commonwealth credit card or card number solely for personal expenditure. Coincidental personal expenditure is only permitted if you are travelling overseas for official purposes and the bill cannot be split.

Personal Credit Card Use Procedures

30. If you use your Commonwealth credit card for personal purposes you must provide a written report to your supervisor within 5 business days of identifying such use, detailing the circumstances in which the card was used for personal purposes. A copy of this report must be provided to the Division Head, Divisional Business Manager and the Financial Framework Section. The debt incurred through the use of the Commonwealth credit card for personal purposes must be repaid within 7 days of receipt of the invoice.

31. If your use of the Commonwealth credit card is deemed to be inappropriate or potentially a deliberate misuse you may be subject to disciplinary action.

32. If a serious or persistent non-compliance* is identified by Financial Framework Section, the General Manager, Corporate Division must be notified. A business case will be requested from the division justifying why the credit card should not be cancelled.

33. The General Manager, Corporate Division is authorised to review the business case.

34. If the explanation is deemed satisfactory the cardholder will be required to complete relevant training. If the explanation is deemed to be unsatisfactory, the Credit Card must be cancelled and the matter reported to the Governance Section as a potential fraud for investigation.

35. The Financial Framework Section must maintain a record of all:

- requests for a card holder to submit a business case;
- the assessment of the business case by the General Manager, Corporate Division;
- any recommended further action; and
- credit cards cancelled.

36. Following the cancellation of a card for non-compliance, any request to reinstate or reissue a credit card will require the approval of the General Manager, Corporate Division.

***Serious or persistent non-compliance** includes, but is not limited to:

- if the cardholder does not acquit their statement for three consecutive months;
- if the cardholder uses the credit card for personal expenditure on more than one occasion or on a single occasion which is deemed to be serious;
- if a debt related to the use of the credit card for personal purposes is not repaid within 7 days of an invoice being issued

Australian Government Solicitor National Finance Standard 3 – Credit Card

Commencement date **May 2017**

Purpose

1. This policy sets out who may be allocated an AGS credit card, the situations where the use of a credit card is appropriate, and the responsibilities of cardholders.

PRINCIPLES

2. AGS needs to have arrangements for the payment of goods and services which are flexible, but also have safeguards to ensure that funds are only used for properly authorised purposes and to protect individuals acting on behalf of AGS.
3. Several principles in the APS Code of Conduct should be taken into account when spending AGS funds:
 - AGS resources are used efficiently, effectively, economically and ethically:
 - only those employees holding appropriate authorisations/delegations may approve payments of AGS money or enter into financial commitments on behalf of AGS
 - employees must use AGS resources, including AGS property, equipment and office facilities, in a proper manner.
 - AGS enjoys a reputation as a highly professional and ethical business that operates with honesty and integrity:
 - we are openly accountable for our actions within the framework of responsibility to the Attorney-General, the Government, the Parliament and the Australian public
 - we must not improperly gain, or improperly seek to gain, an advantage for ourselves or for someone else, or to cause detriment to AGS or another person.

ISSUE OF CREDIT CARDS

4. Credit cards may be issued to employees who automatically qualify as well as to other employees (on a needs basis) who are regularly involved in purchasing goods or services or arranging travel on behalf of AGS.
5. Employees who automatically qualify for a credit card are:
 - Senior executive lawyers
 - Senior lawyers
 - Senior executives.
6. To obtain an credit card, complete the application form in [Attachment 1](#) below, obtain the approval of your National Manager or Function Leader, and forward it to the AGS Payroll team in Canberra (contact details at the end of this standard) who will order and arrange delivery of the card. Employees not listed in para 5 will need to include reasons to support their application.

7. Credit cardholders must return their card to Payroll before ceasing employment with AGS or when it is no longer required.

TYPE OF CREDIT CARD

8. Credit cards have 2 limits attached to them:
 - a transaction limit, which will restrict individual purchases to a maximum nominated amount
 - a monthly spend limit.
9. Cards will be assigned a standard monthly spend limit of \$2,500 unless higher limits are approved. If a cardholder requires a higher limit the limit required must be specified on their application form or in writing to AGS Payroll (and approved by their National Manager / Function leader). The AGS or AGS CFO will then need to authorise the application for a higher limit. A register of all credit cards with limits in excess of \$2,500 must be maintained by the AGS CFO. (The register may need to be provided to the AGD Financial Framework area periodically.)
10. Cardholders must ensure that spending on the credit card does not exceed the approved amounts. Unless otherwise agreed, cards may only be used for the purposes listed in para 22. (This permits spending for legal service related items but not a wider group of purchases rarely required by AGS.)
11. Cards are not to be used to pay for domestic flights, accommodation or car hire. These are to be booked through QBT (refer NFS 13 – Travel and Accommodation).

RESPONSIBILITIES OF CREDIT CARDHOLDERS

12. The card is not to be used for private purposes.. Cardholders may wish to keep their corporate credit card in a separate part of a wallet to avoid accidentally using them for personal expenses (see also para 25 below).
13. While a credit card will have an individual's name (and AGS's name) on the front of the card and the individual's signature on the back, it is a corporate credit card and any liability for payment lies with AGS. However, the cardholder is accountable for all amounts charged to the card. The cardholder is therefore the only person authorised to purchase goods or services with the card and the card (or card number) should not be supplied to anyone else, even if the intended purpose is of a business nature.
14. Cardholders are responsible for ensuring that they do not exceed the card transaction limits.
15. To avoid penalties for late payment of accounts, cardholders should ensure that they provide the necessary documentation (eg tax receipt) which verifies the expenditure on the card in a timely manner. The processing and approval of credit card transactions takes place electronically in [Concur](#), our expense management tool. For more information on Concur and the requirements and processes around credit cards and travel see the [Financial Services page](#).
16. Government policy requires that, where possible, payments to suppliers of less than \$10,000 should be paid by credit card. Where the supplier requests payment by credit card, this must be done in accordance with [Resource Management Guide \(RMG\) 416](#).
17. Credit cards must be stored in a secure place at all times. If the card is lost or stolen, the cardholder must immediately advise the card provider and AGS Payroll.
18. Credit card holders have a spending delegation up to the limit of their card..
19. Cardholders are permitted to use their credit cards on the internet to purchase goods or services on behalf of AGS. These services will mainly relate to searches, filing and lodgement fees. It is the responsibility of the cardholder to check that the website is a secure website (the website address begins with https and not the usual www) before using the card. If any suspicious or unknown transactions appear on a cardholders

account the cardholder must contact Westpac card services (T: 1300 651 089 or when overseas +61 3 63451058) to inform them of the transaction(s) and then the [Concur Administrator](#) at AGS.

20. The cardholder must obtain and retain adequate documentation to support individual charges for verification against the monthly statement. This documentation would normally, but not always, take the form of a tax receipt from the supplier of the goods or services.
21. All credit card transactions will automatically appear in [Concur](#) and it is the responsibility of the cardholder or their delegate within Concur to submit for approval at least 1 expense claim per month for all credit card transactions incurred during that month (expense claims should be submitted more regularly than this if the expenditure relates to disbursements that will be billable to clients). Failure to submit expense claims on time may result in the credit card being cancelled.

Appropriate uses

22. It is appropriate to use a credit card for:
 - purchasing goods and services relating to the day to day operations of the location, practice group or function area
 - approved hospitality expenditure
 - approved training courses

Inappropriate uses

23. Inappropriate or unauthorised use of a credit card by an AGS employee would constitute misconduct and will be dealt with under the misconduct procedures. In addition, AGS will seek to recover any payment resulting from misconduct from the person responsible.
24. The following situations are inappropriate uses of an AGS credit card:
 - a purpose not related to AGS business
 - purchasing gifts for other AGS employees except where authorised by a Practice or Function Leader consistent with the Employee Handbook on [provision of gifts and hospitality for AGS employees](#)
25. Sometimes (rarely) a personal item of expenditure may unavoidably be bundled in to a business related charge to an AGS credit card. When this occurs arrangements must be made for repayment to AGS at the earliest opportunity. This will generally be done by Payroll deduction. Please notify the Payroll team using the link below of such cases.

Other

26. Cabcharge cards will no longer be used by AGS as all taxis will either be paid by credit card or via Cabcharge paper vouchers (for employees or clients who haven't been issued an AGS corporate credit card). [AGS's policy on the use of Cabcharge vouchers is located on the Financial Services OurAGS page.](#)

Where to get help

27. For further information on credit cards or Concur please contact the AGS Pay team:

T: (02) 6253 7022
F: (02) 6253 7315
E: [Payroll](#)