

## CREDIT CARDS

### POLICY

The ACT Government has incorporated the use of the ACT Government Corporate Credit Card into its overall accounts payable procedures. The Westpac Banking Corporation (Westpac) is the contracted provider of the ACT Government corporate credit card.

The use of a corporate credit card involves the expenditure of public monies and as such is controlled by general provisions of the *Financial Management Act 1996* and the *Public Sector Management Act 1994*.

Executive should only approve the use of the credit card facility where efficiencies in payment processes can be demonstrated.

### RATIONALE FOR POLICY

Credit cards were introduced in order to allow directorate officers to perform their duties more efficiently and effectively.

Credit cards are to be used where directorate officers are required to make purchases within their delegations urgently or where it is inefficient to purchase goods and services through normal channels.

### RESPONSIBILITIES AND ACCOUNTABILITIES

The primary responsibilities and accountabilities in relation to the use of credit cards rest with the following:

Position	Responsibility
Cardholder	<ul style="list-style-type: none"> <li>• ensure they hold the necessary financial delegations to approve expenditure, or where processing expenditure for other staff, ensure the expenditure has been approved by a staff member holding the necessary financial delegations to approve expenditure;</li> <li>• immediately upon receipt of the card, sign the reverse side;</li> <li>• use their card for official purposes only;</li> <li>• prepare a credit card reconciliation each month and attach all supporting documentation;</li> <li>• check availability of funds against budgeted and delegated limits;</li> <li>• keep their card secure, preferably in the safe or on person, when not in use. The number is to be kept confidential to minimise opportunities for fraud;</li> <li>• personally be responsible for all purchasing, documentation, acquittal and payment obligations related to their cards usage;</li> <li>• not to provide their credit card details to another staff member to make purchases over the Internet;</li> <li>• observe any restrictions or limitations imposed in respect of approved suppliers and / or categories of expenditure;</li> <li>• comply with normal purchasing requirements on quotation, tender and gazettal;</li> </ul>

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	<ul style="list-style-type: none"> <li>• resolve matters of disputed billings (in conjunction with the Credit Card Administration Officer);</li> <li>• report any misuse, loss or damage of their cards to the Credit Card Administration Officer;</li> <li>• return credit cards on their withdrawal, resignation or transfer from their agency; and</li> <li>• complete the “Corporate Credit Card Declaration Form” (see Attachment A).</li> </ul>
Executive	<ul style="list-style-type: none"> <li>• discuss and agree with the prospective cardholder the scope, usage and conditions applying to the Cardholder;</li> <li>• establish transaction and credit limits for the cardholder; and</li> <li>• endorse a written application to be forwarded to the Chief Finance Officer for Director-General approval.</li> </ul>
Chief Finance Officer	<ul style="list-style-type: none"> <li>• write to the Director-General requesting his / her approval to proceed with a cardholder’s credit card application;</li> <li>• write to the Director-General requesting his / her approval to any variation to a cardholder’s credit and / or transaction limits; and</li> <li>• send approved application to the Credit Card Administration Officer for processing.</li> </ul>
Credit Card Administration Officer	<ul style="list-style-type: none"> <li>• provide policies and guidelines on the use of credit cards;</li> <li>• arrange issue, replacement and cancellation of credit cards;</li> <li>• maintain a register of all issued credit cards and cardholders details;</li> <li>• ensure that cardholders sign declarations and receive statements;</li> <li>• liaise with credit card provider;</li> <li>• report to management in relation to card use; and</li> <li>• ensure security of uncollected credit cards.</li> </ul>
Credit Cardholder Supervisor	<ul style="list-style-type: none"> <li>• ensure correct procedures for purchasing have been followed by the cardholder;</li> <li>• ensure that purchases were for official purposes only;</li> <li>• ensure that transaction, card limits have not been exceeded;</li> <li>• appropriate documentation is attached for acquittal;</li> <li>• notify the Assets Officer of any purchases of assets ; and</li> <li>• ensure that cards are returned to Credit Card Administration Officer by cardholders who resign or transfer to other directorates and that a statement of all outstanding transactions and supporting documentation is prepared by the cardholder.</li> </ul>
Shared Services, Finance	<ul style="list-style-type: none"> <li>• arrange issue of corporate credit cards;</li> <li>• maintain list of credit card holders;</li> </ul>

	<ul style="list-style-type: none"> <li>• provide credit card payment facility;</li> <li>• completion of credit card ledger reconciliations;</li> </ul>
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### NON-COMPLIANCE

Failure to comply with these procedures may result in fraud against the Directorate and possibly incorrect accounting treatments or errors.

Staff are therefore accountable to the Director-General for the fulfilment of their responsibilities under these procedures. Non-compliance will be taken as a serious matter and may result in disciplinary action or be reflected in performance reviews.

### TARGET USERS

These procedural rules are for credit cardholders and credit card approvers.

### PROCEDURES

The following procedures are addressed by these guidelines:

- application and approval;
- identification points;
- credit limit;
- credit card register;
- misuse or suspected misuse of cards;
- variations and amendments;
- renewal of credit cards;
- return of credit cards;
- credit card transactions;
- credit card payments;
- penalties and disputes;
- hospitality expenses; and
- asset acquisitions.

### Application and Approval

To be eligible for a credit card, the applicant must be a permanent officer of the ACT Government. The position the applicant occupies must have a financial delegation to incur expenditure if the applicant will be incurring expenditure which has not already been approved by a delegate. The applicant will also need to demonstrate a need for the card and this can be included with the approval by the Executive by memorandum.

Step	Action
1	Prospective cardholder identifies the need for a credit card.
2	Executive discuss the scope, usage and conditions of the credit card with the prospective cardholder.
3	Establish transaction and credit limits that are to apply.
4	Written application is produced by prospective cardholders, based on discussions with the Executive. Application forms are available from the Credit Card Administration Officer.

- 5 Application is endorsed by the relevant Executive, and sent to the Chief Finance Officer for Director-General approval.
- 6 The applicant's Chief Finance Officer writes to the Director-General requesting approval of the application by the Director-General.
- 7 After Director-General approval has been received, the application is sent to the Credit Card Administration Officer for processing.
- 8 Formal application is forwarded to the Government approved credit card provider for the issue of a corporate credit card.

### Identification Points

Each new cardholder must provide 100 identification points. To achieve 100 identification points a mix of Primary and Secondary documents can be provided as follows:

Primary	Birth Certificate	70 points
	Passport	70 points
	Citizenship Papers	70 points
Secondary	Drivers Licence	40 points
	Photographic ID cards	40 points
	Credit Cards	25 points
	Medicare Card	25 points

However, a maximum of one Primary identification document can be accepted for each cardholder.

### Credit Limit

Transaction limits for each purchase should be set at a level consistent with anticipated usage. The transaction limit is the total amount that can be expended in a single purchase. EPD cards are usually \$5,000.

The credit limit is the total amount that may be expended within a period - usually one month. It is often useful to establish the credit limit at an amount twice the estimated monthly usage to allow a lapse of time for settlement of the previous month's transactions. These parameters reflect the amount expected to be expended during any given period of time and in no way relate to the delegation of a particular cardholder. They may be varied at a later date subject to operational needs and appropriate approval.

### Credit Card Register

A consolidated register of cardholders, and their details must be maintained by the Credit Card Administration Officer. This register is to be supported by copies of all credit card documentation held on a credit card file.

### Misuse and Suspected Misuse of Cards

In instances where cases of misuse are proven, the cardholder's credit card is to be cancelled immediately and disciplinary actions may be instigated.

Where it is suspected that a cardholder has unintentionally misused his or her credit card it would normally be appropriate for the cardholder to repay the amount that they have erroneously

incurred. The cardholder would then be required to undertake training regarding the Directorate's credit card procedures and be able to demonstrate to the Chief Finance Officer that they fully understand their credit card responsibilities. The suspected misuse and any relevant remedial action should also be entered in the Credit Card Register.

### Variations and Amendments

All variations to cardholders and / or credit and transaction limits require the endorsement of the relevant Executive and formal advice to the Credit Card Administration Officer who will arrange Director-General approval, through the Chief Finance Officer.

An officer relieving in a position where the occupant holds a credit card is not permitted to use the card of a person whom they are relieving. If the cardholder is expected to be absent in excess of one month the person acting in the position carrying the delegation may be issued with a card provided they meet the necessary eligibility criteria.

### Renewal of Cards

A replacement card will automatically be issued prior to its expiry date. Once a replacement card has been received a copy of the letter of issue and a photocopy of the card is to be forwarded to the Credit Card Administration Officer as acknowledgment of receipt. This action enables the Credit Card Administration Officer to update the credit card register and associated file.

### Return of Cards

Where a cardholder goes on leave or temporary transfer for a period in excess of three months the credit card should be returned to the Credit Card Administration Officer for cancellation.

Upon either a promotion to another area, resignation, or an external transfer, the card is to be cancelled. The cardholder shall cut the card in two and return the credit card immediately to the Credit Card Administration Officer.

The cardholder is to provide all outstanding documentation to the Executive for acquittal purposes. The Executive should arrange to use this documentation for matching with the monthly statements until all expenditure has been acquitted. When all card transactions have been acquitted the Credit Card Administration Officer will deactivate the card.

<b>Step</b>	<b>Action</b>
1	Officer no longer requires the card and cuts the card in two.
2	Card is surrendered to the Credit Card Administration Officer immediately.
3	Officer provides all outstanding acquittal documentation.
4	Administration officer reconciles all expenditure.
5	Card is formally cancelled with the credit card provider.

Executive must ensure the cardholder has cleared any outstanding purchases.

### Credit Card Transactions

An ACT Government credit card may be used across the counter (in person), by Internet, by telephone, by mail and by fax. Care should be taken when quoting the card number that:

- strangers are not present when using it via the Internet, telephone and / or fax;
- faxed details and Internet details containing the credit card number are not left on the machine for general access; and
- that papers containing the credit card number are stored securely.

Credit Cardholders must NOT:

- incur expenditure unless funds are available to cover it;
- exceed their transaction limit on the maximum they can spend in a single purchase;
- exceed their card credit limit on the total amount which can be spent within the period;
- use the credit card to obtain cash, with the exception of cardholders that are Director-Generals, or Officers who have obtained prior approval from the Director-General, to withdraw cash whilst on official ACT Government business whilst travelling overseas; or
- use the credit card for personal use.

Tax Invoices are required for all transactions in order to comply with Goods and Services Tax (GST) requirements (except in limited circumstance such as overseas purchases where an invoice is sufficient). In circumstances where tax invoices are not available, statutory declarations must be provided.

Cardholders must ensure there is a clear description of the goods / services purchased on the supporting tax invoice. The description "goods" is not sufficient. The description is required so that expenditure can be easily checked, reconciled and coded to the correct ledgers. Where a credit card purchase is made via telephone, a tax invoice / invoice is to be requested.

All purchase documentation must be retained to verify the expenditure was legitimate and to support payment of the monthly statement.

### Credit Card Payments

Step	Action
1	Monthly statements are received.
2	Cardholders reconcile their tax invoices of individual expenses against matching transactions on their statement.
3	All discrepancies are resolved. (See penalties and disputes)
4	Statements are signed-off by the Credit Card Supervisor.
5	Statements are forwarded to the Credit Card Administration Officer.

*Note:*

Multiple transactions with common cost centre combinations should be clearly identified and totalled either on the face of the statement or on the attached transaction summary.

Related paperwork such as credit card dockets, receipts, etc. and any supporting transaction summary should also be attached to the statement which is forwarded to the Credit Card Administration Officer.

Cardholders should avoid duplication of payment through the subsequent authorisation of invoices for payment of goods that were purchased and paid for by a government corporate credit card.

Cardholders should make appropriate arrangements for account reconciliation and payment if they will be on leave when the statement is due.

### **Penalties and Disputes**

Executive should ensure that cardholders reconcile statements immediately on receipt and on-forward them to the Credit Card Administration Officer.

Any transaction appearing on a statement which a cardholder cannot confirm, should be raised immediately with the Mastercard Corporate Card Customer Service contact quoted on their statement. It is crucial that a clear course of action is taken to investigate the query and clear the account. Mastercard will allow for disputed payments in assessing accounts past due for payment.

The cardholder should also advise their Manager and the Credit Card Administration Officer of any disputed amounts.

### **Hospitality expenses**

Specific requirements apply to expenditure on hospitality. Refer to DGFI - Official Hospitality / Meeting Expenses.

### **Asset Acquisitions**

Careful consideration should also be given as to whether the goods purchased need to be included on the Directorate's Asset Register or on the individual Branch Portable and Attractive Items register. For further information relating to possible items of this nature, contact EPD Finance.

**Attachment A**

Credit Card Administrator

**AGREEMENT AND ACKNOWLEDGEMENT BY CARDHOLDERS OF AN ACT GOVERNMENT CORPORATE CREDIT CARD. (ACTCCC)**

I hereby state that I am a holder of an ACT Government Corporate Credit Card. I understand and agree that an ACTCCC is issued to me on the express conditions that I will, at all times, comply with the following conditions:

**Initial**

1. The ACTCCC is the property of EPD and is in my possession and under my strict control;
2. I will not use the ACTCCC, nor permit it to be used, for other than official purposes and will not exceed the credit card's limit or my delegation limit;
3. I will not use my ACTCCC to draw cash or its equivalent, with the exception of cardholders that are Director-Generals, or Officers who have obtained prior approval from the Director-General, to withdraw cash whilst on official ACT Government business whilst travelling overseas;
4. I will not permit the ACTCCC to be used in any way by any other person;
5. I may only use the Credit Card to a limit of \$ \_\_\_\_\_ in any one transaction up to a monthly credit limit of \$\_\_\_\_\_;
6. I will keep all tax invoices, including full details of telephone / fax orders;
7. I undertake to forward the originals of all tax invoices and other documentation to my Supervisor and then to the Credit Card Administration Officer for verification;
8. All payments for transactions against my Credit Card billing statements will be effected through established official processes;
9. ACTCCC lost or stolen cards will be reported **immediately** to Westpac on 1300 651 089, and the Credit Card Administration Officer on (02) 620 71221;
10. If I resign, retire, cease employment or transfer to another agency, I will immediately hand my ACTCCC to the Credit Card Administration Officer responsible for the administration of Corporate Credit Cards in my agency for cancellation;

11. I agree that I will read the “*DGFI - Credit Cards*” copy of which has been **Initial** given to me today;
12. If I misuse the card (i.e. use it otherwise than in accordance with the Guidelines provided to me), I acknowledge that disciplinary action may be taken against me; and
13. When I receive a replacement credit card, I understand that I am to provide a copy of the letter of issue and a photocopy of the credit card to the Credit Card Administration Officer as acknowledgment of receipt.

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Signature of ACTCCC Cardholder

.....  
Signature of Credit Card Administration Officer

NAME: .....

NAME: .....

DATE: .....

DATE: .....

## REFERENCES

Source	Description
FMA	<a href="#">s31</a>
FMA Regs/FMOs	n/a
Other legislation/regs	n/a
Related DGFIs	Delegation of Authority Spending Authority Procurement of Goods and Services
Related Guidelines	<a href="#">EPD Financial Delegations</a>