Policy Directive

![NSW Government logo]

Procurement Cards within NSW Health

Summary This Policy sets out requirements for use of Procurement and Virtual Procurement Cards within NSW Health. NSW Health agencies, including the NSW Ministry of Health, are to adopt the use of Procurement Cards and Virtual Procurement Cards where practicable, for purchase of goods and services up to $10,000 where viable. NSW Health entities are not to utilise any Procurement Card arrangement other than those provided under the current NSW Government Banking Contract.

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NSW Health
POLICY DIRECTIVE

Procurement Cards within NSW Health

POLICY STATEMENT

NSW Health agencies including the NSW Ministry of Health, must adopt the use of Procurement Cards and Virtual Procurement Cards, for purchase of goods and services up to $10,000.

This Policy Directive details the requirements for the use of Procurement Cards (P and VCards) that NSW Health agencies must apply when procuring goods or services with a NSW Health Procurement Card.

SUMMARY OF POLICY REQUIREMENTS

This Policy applies to all NSW Health agencies, including the NSW Ministry of Health, and reflects the implementation of the *Government Sector Finance Act 2018* (NSW) and the NSW Government's State-wide financial service arrangement for the provision of Procurement Cards.

The NSW Government has mandated the use of card payments for all transactions up to $10,000 where viable, for example, where supplier is merchant card accepting and purchasing officer has a Procurement Card or access to a Procurement Card or Virtual Card.

In accordance with this Policy, NSW Health agencies including the NSW Ministry of Health, are to adopt the use of Procurement Cards and Virtual Cards where practicable, for purchase of goods and services that meet the criteria in this Policy. Chief Executives have the discretion to increase this threshold for particular purchases where appropriate risk management and internal controls are in place.

NSW Health entities are not permitted to utilise or operate any PCard type arrangement other than those provided under the current NSW Government Banking Contract (refer to the NSW Treasurer's Direction TD19-01 Financial Services).

REVISION HISTORY

Version	Approved By	Amendment Notes
PD2022_038 September-2022	Secretary	Amended to include requirements of TC21-01 and TPP21-02 released by NSW Treasury in February 2021.
PD2016_005 February-2016	Deputy Secretary, Finance	Update to PD2014_035 including change of standard limits to $3000 and inclusions of exemptions.
PD2014_035 October-2014	Deputy Secretary, Strategy and Resources	New policy to replace PD2005_323 Credit/Procurements Cards - Approvals for Use - Public Authorities (Financial Arrangements) Act 1987.
PD2005_323 September-2003	Director-General	New policy directive

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1. BACKGROUND

Procurement Cards are a type of credit card with features that facilitate expenditure control and are a cost-effective way of procuring high-volume, low-cost goods and services, and achieving faster payment for business while supporting the effective and efficient delivery of NSW Health programs.

A Virtual Card is similar to a procurement card but is not issued as a physical card, rather as a 16-digit number issued by the Card Issuer. A Virtual Card is typically issued as a 'whole-of-agency' card for the purchase of goods or services from a single supplier. The Virtual Card is also known as transacting business-to-business (B2B). Procurement Cards and Virtual Cards replace the need to create purchase orders for these types of transactions.

Procurement Cards are only to be used for business related expenses and in accordance with the NSW Health Policy Directive *NSW Health Code of Conduct* (PD2015_049).

1.1. About this document

This document provides direction on the use of Procurement Cards within NSW Health entities, including the NSW Ministry of Health that is considered best practice.

It contains detailed information relating to the use of Procurement Cards (PCards and VCards) which are designed for purchasing high volume, low value goods and services via a digital process and the processing and reconciliation of transactions via an Expense Management System (EMS).

The directions, policies, and circulars listed are to be read conjunction with this Policy, including:

- *Government Sector Finance Act 2018* (NSW)
- NSW Treasury Circular TC21-01 NSW Payments Digital Reform – Digital Payment Adoption
- NSW Treasury Circular TPP21-02 Use and Management of NSW Government Purchasing Cards
- NSW Treasurer's Direction TD 19-01 Financial Services
- NSW Government Procurement Policy Framework
- NSW Government Small and Medium Enterprise and Regional Procurement Policy
- NSW Government Travel and Transport Policy
- Small Business Commissioner Faster Payment Terms Policy
- NSW Health Policy Directive *NSW Health Code of Conduct* (PD2015_049)
- NSW Health Policy Directive *Official Travel* (PD2016_010)
- NSW Health Policy Directive *Out of Pocket Expenses* (PD2019_015).

Information within this Policy will be of value to Finance Staff and those holding a Procurement Card, processing or approving a Card transaction or those carrying out these duties on behalf of another.

1.2. Key definitions

Accountable Authority	A Government Sector Finance (GSF) agency, which has the same meaning as in section 2.7(2) of the *Government Sector Finance Act 2018* (NSW).
Borrowings	The same meaning as in section 6.8 of the *Government Sector Finance Act 2018* (NSW).
Business Purpose	Expenditure undertaken for a purpose that is in direct connection with, or as a direct consequence of, the Cardholder's role responsibilities.
Cardholder	A government officer who has been issued with a PCard.
Card Issuer	The Government-nominated service provider for the administration and provision of PCards.
Card Issuer Administration System	Software platform (online/web, tablet, mobile phone app) provided by the Card Issuer for the use, management and administration of PCards. Access is available to the: - Cardholder – provides for online card applications, card activations, card information, card maintenance and accessing online support and help. - Program Administrator – provides for online approval of cards, card information, card maintenance, reporting and closure of cards.
Card Issuer Administration System User Security Requirements	Refers to: - User identification (within the System) - User password (within the System) - User security questions - User self-selected 6-digit PCard PIN (only required for Cardholders).
Controls	See Internal Controls.
Core Requirements	Requirements stated in NSW Treasury Circular TC21-01 NSW Payments Digital Reform – Digital Payment Adoption and in this Policy.
Credit	See Borrowings.
Expense Management	Software application that receipts the Card Issuer Administration

System (EMS)	System data for expense processing. Expense Management Systems used by GSF agencies should be the preferred Whole-of-Government EMS service provider or, where not available, an EMS service provider selected from the approved panel as amended from time to time.
Enterprise Resource Planning (ERP)	Software application that underpins the financial system used by GSF agencies to manage their financial operations.
Financial Arrangement	The same meaning as in section 6.7 of the *Government Sector Finance Act 2018* (NSW).
Government Sector Finance Act 2018 (NSW)	The *Government Sector Finance Act 2018* (NSW) as amended from time to time and includes the *Government Sector Finance Regulation 2018* (NSW) and any instruments made under or in connection with this Act from time to time.
Government Sector Finance (GSF) Agency	The same meaning as in section 2.4 of the *Government Sector Finance Act 2018* (NSW).
Government officer	The same meaning as in section 2.9 of the *Government Sector Finance Act 2018* (NSW). This includes persons who are the head of, or are employed in or by, a GSF agency and statutory officers.
Internal Controls	Refers to existing processes, policies, practices or other actions that act to minimise negative risks.
Merchant	Refers to a person or persons whose occupation or business is the wholesale purchase and retail sale of commodities for profit.
Merchant Category Code (MCC)	Refers to a four-digit number (listed in ISO18245 Retail Financial Services – Merchant Category Code) used to enable classification of Merchants into specific categories based on the type of business, trade or services supplied.
Merchant Category Code Blocks or Merchant Category Code Controls	Refers to the Merchant category codes that are blocked for PCard programs due to the high-risk nature of these merchant types.
Program Administrator (PA)	Refers to a person nominated by the Accountable Authority – NSW Health (approved by NSW Treasury) with responsibility for administration of PCards as well as supporting the needs of Cardholders within their GSF agency (or nominated GSF agencies within a Shared Service Arrangement). The Program Administrator generally has additional user access entitlements for maintenance within the Card Issuer Administration System.

Procurement Card (PCard)	Refers to a credit card issued by the Card Issuer (generally a bank, building society or credit union) which is used by Cardholders (as government officers) to engage in transactions relating to the purchase of goods and services on behalf of the GSF agency. PCards are also known as corporate cards, government cards and purchasing cards.
TC21-01	Refers to NSW Treasury Circular TC21-01 NSW Payments Digital Reform – Digital Payment Adoption.
TD19-01	Refers to NSW Treasurer's Direction TD19-01 Financial Services.
Total Facility Borrowing Limit	Refers to a GSF agency's total credit or borrowing limit afforded under the Card Issuer's Agreement for the administration and provision of PCards.
Virtual Card (VCard)	Refers to a credit card that is not issued as a physical card, rather a 16-digit number provided to a supplier for use in card-not-present transactions. The VCard card is not linked to a Cardholder but is established in the GSF agency's name (with one or many users). To protect the card security, typically one card is created for use with a single supplier (Merchant).
Waste	Any uneconomical, inefficient or ineffective use of resources, authorised or unauthorised, which results in a serious and substantial loss of public funds or resources.

1.3.   Legal and legislative framework

The legislation governing the use of Procurement Cards is contained within the NSW Government Policy NSW Treasury Circular TPP21-02 Use and Management of NSW Government Purchasing Cards.

NSW Government Treasury Circular TC21-01 NSW Payments Digital Reform – Digital Payment Adoption also supports the adoption of digital and contactless payment options across the NSW public sector to reduce / eliminate cash and cheque handling.

This Policy Directive includes direction for all Government Sector Finance agencies (Health Entities) to ensure VCard adoption as a preferred card payment option for regular payments, for PCards to be used for ad hoc transactions up to $10,000, and to replace cheque payments with digital and contactless payment channels where viable.

2.   CARD ADMINISTRATION

2.1.   Eligibility to have a Procurement Card

A Procurement Card (PCard) may be issued to a Health Entity employee who:

- Is responsible for purchasing low value goods and or services from suppliers on behalf of the Health Entity.

- Travels (international or domestic) on behalf of NSW Health for business purposes directly associated to their role.

- Holds the appropriate financial and operational delegations to incur expenditure on behalf of the Health Entity. Where no such delegation is held, approval from the Director of Finance (or equivalent) is mandatory in the PCard application workflow prior to card issue.

2.2.   Ineligibility to have a Procurement Card

A PCard may not be issued to staff who do not hold appropriate delegation or a credit limit approved by the Director of Finance (or equivalent) as outlined in section 2.1, or those staff who are PCard administrator/s or PCard Support Team Members.

2.3.   How to apply for a Procurement Card

The PCard Services Manager coordinates the issuing of PCards and will ensure that each application does not exceed the Health Entity's total facility borrowing limit. Proof of training is required prior to submitting an application (refer to section 2.6).

The procedure to receive a PCard is as follows:

- Complete the PCard eLearning Module and assessment available in My Health Learning (Course Code 261244452).

- Complete the form Procurement Card Application available online via the HealthShare / eHealth intranet page Procurement Card (PCard) Program or SARA (Search And Request Anything).

- Applications will workflow via the HR hierarchy for manager and then Director of Finance or Chief Executive approval, then to the PCard Support Team for fulfilment.

2.4.   How to apply for a Virtual Procurement Card (Includes Virtual Travelcard)

- Contact the PCard Support Team to initiate the procedure.

- Complete the Application for VCard.

- Seek approval from the Health Entity and ensure application is supported by the Director of Finance or Chief Executive.

- Complete the form Procurement Card Application selecting card type from drop down menu available online via the HealthShare / eHealth intranet page Procurement Card (PCard) Program or SARA (Search And Request Anything).

2.5.   Expenditure limits

A Health Entity may issue PCards within their overall Government Sector Finance Limit as approved by NSW Treasury.

A PCard is issued to an individual employee and is not transferrable. Each Cardholder is to ensure they are aware of their expenditure limits as outlined on the approved SARA form Procurement Card Application. They are to make purchases limited to that authority.

Limits can be set in accordance with the Cardholders responsibilities and a figure must be authorised per transaction and per month with the transaction limit generally being 1/10th of the monthly limit i.e., transaction limit $5,000 / monthly limit $50,000. Transaction limits can be set to a maximum $10,000.00 AUD (except where a higher limit has been formally authorised by someone who has the appropriate delegation).

Cardholders will be delegated the card limit that best suits their business needs and objectives as determined by the Health Entity Director of Finance or equivalent.

For a limit increase or decrease; the Cardholder can seek approval online using the SARA form Procurement Card Application.

A Virtual Card issued to a specific Health Entity and assigned to a specific supplier, will usually have a higher expenditure limit than PCards issued to individual staff. This higher limit would be dictated by the amount likely to be spent by the Health Entity with the specific supplier. In any case, the higher limit or any alterations to the limit will require approval from a delegated authority within the Health Entity.

2.6. Training

Training in the use of PCards and the Expense Management System will be compulsory for all Cardholders.

A card application may only be submitted once the applicant has successfully completed the PCard eLearning Module (Course Code 261244452) in My Health Learning and passed their assessment. Training will be verified at the time of application.

Training will be facilitated in an online environment. Completion of training will satisfy the mandatory training component.

3. ROLES AND RESPONSIBILITIES

3.1. PCard enquiries

HealthShare NSW will provide a service for resolution of card enquiries. The nature of the enquiry will depend on the level of escalation.

If the query is relating to a card issue or an Expense Management System issue, staff are to contact the PCard Support team via phone on 1300 883 965 (Option 5) or email HSNSW-PCardSupportTeam@health.nsw.gov.au or contact via SARA.

If the query relates to spending approval or budgetary concerns, employees are to contact their immediate supervisor or the internal point of contact of the Health Entity.

3.2. Procurement Card Services Manager

The Procurement Card Services Manager is a HealthShare NSW employee who is responsible for the overall operation and maintenance of the PCard program. The position is

to ensure best practices are engaged and optimum service levels are reached and maintained.

The responsibilities include:

- Understand and implement the business objectives for the PCard Service and associated Expense Management System function, operational service requirements, and transformational service improvement initiatives, as a foundation to the development and maintenance of all required policy, procedural and business processing documentation.

- Lead the development and maintenance of an appropriate training program and content for application to all nominated PCard and Expense Management System users including relevant NSW Treasury and NSW Ministry of Health policies and guidelines.

- Ensure activities and tasks performed using PCard service and Expense Management System reflect both best practice and appropriate government requirements.

- Develop and maintain the Service Accountability Agreement.

- Lead the development and maintenance of a suitable continuous PCard audit program as per the table listed in section 4.1.

- Regularly review, maintain and administer this Policy.

- Issue of communications to remind Cardholders of their responsibilities, timely reconciliation, policy, procedure and security matters.

- Manage Government Sector Finance Limits to ensure sufficient credit is available for the operation of their card programs.

3.3.   Procurement Card operations program coordinator

The Procurement Card Operations Program Coordinator is a HealthShare NSW employee who is responsible for aligning customer relations, strategic business initiatives and change management processes for PCard Services, enabling the team to provide high quality transactional and advisory services to multiple clients, including HealthShare Procurement and Finance Managers, Local Health District Management and external stakeholders.

The responsibilities include:

- Review, develop and implement new strategies, processes and procedures in consultation with key stakeholders to improve PCard Services.

- Conduct analysis, including change impacts, training needs analysis, cultural analysis of user and stakeholder communities to provide business process change strategies to support Virtual and PCard initiatives, in consultation with the PCard Services Manager.

- Organise and administer the workflow for card expansion schedules and work with the PCard Services team to resolve any schedule conflicts, manage dependencies and ensure targets are met.

- Provide strategic input into the development and rollout of associated business communications plans to build awareness, support and ownership.

- Ensure accurate and complete records are maintained and meet departmental governance and audit requirements, including Cardholder details, meeting minutes, action logs, briefs, reports, submissions, correspondence and presentations.

3.4.   Procurement Card Support Officer

The Procurement Card Support Officer is a HealthShare NSW employee who will oversee the placement of orders for PCards on behalf of the Health Entities. The Procurement Card Support Officer will also perform administrator functions, reconciliations and maintenance of related records.

The responsibilities include:

- Placement of orders for Procurement Cards (PCards and VCards) with the contracted Card Issuer and ensure receipt in a timely manner whilst monitoring available credit limits and within existing service partnership agreements.

- Perform administrator functions in the Expense Management System, reconcile Procurement Card transactions to the Oracle General Ledger and maintain related records.

- Provide efficient and effective customer service associated with all aspects of the use of Procurement Cards including regular and ad hoc reports.

- Liaise with customers and other stakeholders to ensure service standards are maintained and there is compliance with government related regulations.

- Ensure ongoing maintenance of data in the Expense Management System including development of processes to streamline production of integrity reports.

3.5.   Cardholder

A Cardholder is a NSW Health employee who has been issued with a PCard. Their name will appear on the card and they will hold an expenditure delegation conferred by the Health Entity's delegations manual.

Their responsibilities include:

- complying with the requirements of this Policy.

- complying with the terms and conditions of the Card Issuer (including User Acknowledgement and Card Issuer Terms and Conditions).

- the safety and security of their card, card details and other requirements (e.g., Card Issuers Administration System or Enterprise Resource Planning / Expense Management System user security requirements).

- knowing the administrative conditions of their card and account, including relevant limits, thresholds and restrictions.

- ensuring that the credit limits are not exceeded (purchases must not be split to negate single transaction limits), obtaining and retaining all relevant documentation

for all transactions. All transactions over $30 (inclusive of GST) require official tax receipts.

- the timely acquittal of transactions. This process must be completed as a priority and, within 28 days of the date of transaction.

- compliance with the Acceptable Purchase Criteria as outlined in this Policy Directive.

Cardholders must notify the Card Issuer in the following circumstances:

- the loss or theft of the PCard immediately, regardless of whether it is a working day or weekend.

- becoming aware that an unauthorised transaction has occurred at time of occurrence or at month end review of transactions (whichever is the earliest).

Cardholders must notify the PCard Support Team (the next working day or as soon as practicable) in the following circumstances:

- cessation of employment with the Health Entity.

- a change in the Cardholder's substantive role.

- a change in the nature of the Cardholder's responsibilities that no longer require the Cardholder to use a PCard (whether or not this includes a change in their substantive role).

- a change to the operational or financial delegation limits that are associated with the Cardholder's role.

- a prolonged leave of absence from performing their role.

- the PCard has been cancelled.

- the loss or theft of the PCard.

- on awareness that an unauthorised transaction has occurred, at time of occurrence or at end of month reconciliation (whichever is the earliest).

3.6.   Procurement cardholder delegate

This is a person nominated by the Cardholder to record transactions in the Expense Management System on their behalf.

More than one Cardholder can be allocated to their profile.

3.7.   Virtual card coder (Expense Management System Account Holder)

This is a person nominated by the Health Entity to code Virtual Card and Virtual Travelcard transaction exceptions in the Expense Management System.

3.8.   Approver

This is a person who reviews and approves the staff member's PCard Transactions, reimbursements and/or allowances within the authority delegated to them within the procurement hierarchy.

3.9.   Receipting Officer

This is a person nominated by the Health Entity to receipt goods and services against VCard transactions in the Expense Management System. More than one VCard can be allocated to their profile.

3.10.   Internal Auditor

The Health Entity's Internal Audit function must ensure that the Internal Audit Plan includes an audit of Procurement Cards at least once in a three year period.

Findings of misuse are to be reported immediately to the Director of Finance or equivalent of the Health Entity.

3.11.   Infraction

As part of their responsibilities, HealthShare NSW PCard Support Team will monitor and report on spend habits, coding, approval activity and frequency. Regular reports will be provided to Health Entities.

Expense Management System Users have the responsibilities set out in Section 3 of this Policy. Employees have a prescribed time frame in which they will need to complete their portion of the transaction cycle.

If employees do not complete their task within the time frame, an Aged Transaction report will be provided to Health Entities by HealthShare NSW showing the overdue tasks by staff members for their Health Entity.

The report will be circulated to the Director of Finance, or equivalent, for review and immediate action. Due to the tight time frames for end of month reconciliation it is important that good Expense Management System practices are embedded within Health Entities as quickly as possible.

It must be noted that serious breaches of this Policy may result in card cancellation.

If a Cardholder is identified as purchasing items outlined in section 5.5 *Prohibited Purchases* the Director of Finance, or equivalent, must review and ensure appropriate action is taken.

Whether or not to remove a PCard from an employee is the responsibility of the Health Entity. It is expected that Health Entities will not allow an employee to hold a PCard if they have not consistently complied with the Cardholder Agreement and business rules.

The PCard Services Manager may authorise suspension or cancellation of a card in emergent situations such as stolen card or suspected fraudulent activity.

3.12.   Administration of card and Cardholder details

Procurement Cardholder details are maintained by the PCard Support Team. These details need to be amended when the Cardholder:

- Changes name, status or contact details.
- Requests a change in their credit limit as approved by the delegated authority.
- Has approved leave for more than three (3) months.
- Ceases employment with a Health Entity.
- No longer requires a PCard.

All changes to Cardholder accounts must be requested on the appropriate SARA application form which will workflow via the HR hierarchy for approval and once fully approved, to the PCard Support Team for processing.

3.13.   Transferring to a new position

When a Cardholder transfers to a new position, including secondments, the Cardholder must:

- Ensure all transactions from the previous position are coded and submitted for authorisation within the statement cycle.
- If moving to a new position within same Health Entity:
    - If a PCard is required, the Cardholder and the new line manager must review the Cardholder's delegation limit.
    - To update changes, log a ticket request in SARA.
    - If a PCard is not required in the new position, the Cardholder must request closure of the card via the SARA application form.
- If moving to a new Health Entity submit a request for card closure via the SARA application form.
- If on secondment a request to suspend the card until the cardholder returns to their substantive position is to be lodged.

3.14.   Expense Management System Users taking extended absence

PCard will need to be suspended for cardholders taking leave of more than three (3) months.

Cardholders cannot allow others to use their PCard in their absence.

Current transactions will need to be coded and submitted for authorisation prior to departure. The Cardholder must put in place appropriate Expense Management System arrangements / vacation rules to allow for the processing of any outstanding transactions during their absence.

Non-cardholding Expense Management System Users must:

- Process all outstanding transactions.

- Ensure they have nominated a secondary officer to act in their absence.

3.15.   Cardholders no longer requiring a PCard

When a Cardholder leaves NSW Health's employment or no longer requires a PCard, the Health Entity must ensure the Cardholder:

- Takes action to close and destroy the card.

- Ensures all current transactions are coded, certified and submitted for authorisation.

- Where transactions remain outstanding, ensure there is a delegate nominated to process any remaining transactions after their departure.

- Provide their nominated representative with all supporting tax invoices for any remaining transactions that will need to be coded and submitted for approval.

3.16.   Automatic replacement of expiring cards

When a card nears its expiry date, the banking provider will automatically issue a new card. Cardholders must ensure their contact details are accurate and up to date as recorded by the banking provider.

When the Cardholder receives a new card they must sign the back of the card immediately, activate the card and destroy the expired card.

3.17.   Replacing a damaged card

If a PCard is damaged and a replacement is required, complete a damaged card request with the banking provider.

The banking provider will re-issue a replacement card with the same card number.

3.18.   Lost or stolen Card

In the event of loss or theft of a PCard, the Cardholder must immediately notify the banking provider and the PCard Support Team advising of the banking provider's lodgement reference number. If stolen, report to Police and also provide the Police Report number.

The banking provider, upon notification, will:

- Provide the Cardholder with a log reference number.

- Cancel the card to prevent further use.

- Issue a new PCard (with a new card number and expiry date).

4.   OPERATIONAL FRAMEWORK

This Policy seeks to assist Government Sector Finance agencies (Health Entities) to develop and tailor their Procurement Card (PCard) framework to their size, complexity and risk profile, and provides Cardholders with information to help them understand their responsibilities.

The PCard Program

A PCard is a commercial credit card issued at the request of the relevant Health Entity by the banking services provider engaged by the Treasurer. It is issued to employees to use for the purchase of goods and services on behalf of the Health Entity.

The VCard Program

Health Entities must adopt VCards as a payment method where viable. The use of this payment method may be whole-of-government use or NSW Health specific use. For example:

- Whole-of-government: NSW Government Contract 1009 Virtual Travel Card Payment for air travel, accommodation and car hire bookings.

- Health Entity-specific: NSW Health Total Apparel Management System, a State-wide uniform online ordering system.

VCard agreements, in addition to the actual payment method, may offer other benefits to the buying health entity. This could include setting additional security on cards to be usable only for a single supplier, monthly spend limits per supplier, statement data matching (such as Health Entity or account codes), online statements and reconciliation tools.

Similar to PCards, VCards also operate once a facility has been established. This Policy refers to these facilities in the singular PCard.

4.1. Procurement program risk management

There are particular risks associated with the use and administration of PCards that will need to be identified and managed. Examples include:

- the risk of inappropriate use and waste.

- the potential for transaction and/or accounting errors (e.g., duplication of payments).

- the application of inappropriate purchase methods (e.g., directly purchasing an item or service on PCard without assessment of any contract terms, rather than seeking to negotiate appropriate contract terms and conditions).

Risk is defined as the impact of uncertainty on objectives. In the context of PCards, this risk will largely relate to those aspects of the use and management of PCards that could affect the Health Entity's overall financial position and ongoing financial management.

The Independent Commission Against Corruption (ICAC) provides some examples of the potential fraud risks associated with PCards including:

- a Cardholder charging personal expenses to the Health Entity PCard.

- a Cardholder and a client colluding to misuse a Health Entity PCard.

- one or more government officers colluding for improper benefit – for example, the Cardholder colluding with another government officer whose role is to check expenditure. a Cardholder using the card's personal identification number to withdraw cash for their own or another's benefit.

- a Cardholder falsifying, destroying or damaging receipts and other records.

If a misuse of a PCard or a breach of this Policy occurs, the immediate suspension or cancellation of the card is the responsibility of the Health Entity Director of Finance or equivalent and the PCard Services Manager.

Where appropriate, the PCard Support Team is to notify the Health Entity that disciplinary action in accordance with the NSW Health Policy Directive *NSW Health Code of Conduct* (PD2015_049) and the conditions of use outlined in the Cardholder Agreement is required.

The PCard Services Manager may authorise the suspension or cancellation of a card in emergent situations as outlined in section 3.11 *Infraction*.

NSW Health bears the liability for all PCard transactions.

Personal credit ratings do not apply.

Table 1: Periodic monitoring and review timetable

Indicative frequency	Nature of monitoring and review
Ongoing	Recording of unusual events (e.g., record instances of reported personal use of PCards so any recurrence is noted; record merchants involved in disputed transactions). Assess and act on overdue reconciliations by Cardholders. Continuous control monitoring of exceptions for payment / claim duplications and breaches.
6 – 12 months	Review PCard use against credit limits for possible adjustments. Review PCards not used for a significant period to establish if they are still required. Sample testing of transactions with higher risk of misuse (e.g., check whether transactions properly established value-for-money and compliance with this Policy; check whether transactions with duplicated details are merchant error). Statistical analysis of utilisation patterns (e.g., identify opportunities for centralised procurement of some types of goods; assess average and unusual costs for accommodation by city). Reconcile individual PCard Application / Statement of Responsibility / Card Statements Issued (and/or other Register) with the Card Issuer Card Management Reports.
1-3 years	Internal audit review covering PCards as appropriate (e.g., processes for issue and return; whether reconciliation and review procedures are being followed). Review expenditure in areas where judgement plays an important role (e.g., travel and meals) in order to assess whether the expenditure is remaining within public expectations and practice in comparable Government Sector Finance Agencies.

4.2.   Procurement Card security

PCards provide access to NSW Health funds. For this reason, the safety and security of the card and its details are paramount to ensuring that a Health Entity's resources are not misused or misappropriated.

There are various points of interaction between the Cardholder, Health Entity, Merchant and Card Issuer where the PCard and/or card details may be mishandled.

For VCards, depending on the configuration of the arrangement, government officers may need to keep secure user access identification and/or passwords.

Cardholders are personally responsible for the safe keeping and proper use of their PCard and associated security information, including Expense Management System and bank records. PCards are to be secured in the same way as personal credit cards in order to prevent fraudulent use by unauthorised persons.

Cardholders must:

- Upon receipt of the card, the Cardholder must immediately activate the card and sign the back.

- Not allow another person to use the card under any circumstances.

- Not share card details and associated login / passwords details as this is confidential data and is not to be shared with any other person.

VCard Suppliers must ensure the storage of card details are compliant with the Payment Card Industry Security Council Standards.

5. ACCEPTABLE PURCHASE CRITERIA

5.1. Acceptable Procurement Card payment methods

The PCard can be used to purchase goods and/or services over the counter, via the telephone, by email, by post or internet.

Cardholders using the internet to pay for purchases must ensure that they are familiar with, and adhere to, the NSW Health internet use and security policies and procedures (refer to the NSW Heath Policy Directive *Communications - Use & Management of Misuse of NSW Health Communications Systems* (PD2009_076) and the NSW Health Policy Directive *NSW Health Code of Conduct* (PD2015_049)). At a minimum, Cardholders must check that the merchant's secure site address starts with https:// and *not* http://. Sites that start with https:// have an added encrypted transaction layer.

Cardholders will need to ensure they obtain proper records of transactions conducted by mail, telephone or internet to support timely acquittal of transactions. Electronic receipts must be properly stored for ease of access at the time of acquittal.

5.2. Acceptable purchase criteria

PCards can be used to purchase goods and/or services that meet the following criteria only:

- Goods and/or services to a total value of < $10,000 (or agreed value as approved by the Health Entity Director of Finance or equivalent).

- Must be 100% business related expense.

5.3. Emergency purchase definition

An emergency purchase is defined as a purchase required to:

- Protect life and property and prevent injury or harm.

- Prevent substantial economic loss.

- Prevent the interruption of essential services.

- Meet an unusual deadline that cannot be resolved by using the designated procurement system and process.

Failure to anticipate a purchasing need, or a lack of planning, is not considered a valid reason for an emergency purchase. Emergency purchases are not to be used to circumvent the procurement system and processes.

5.4.   Circumstances where Procurement Cards not to be used

PCards **cannot** be used for any transactions where:

- The cost of the transaction exceeds the Cardholders credit limits.

- The transaction is a prohibited purchase (refer to section 5.5).

- The supplier does not have an ABN and is an Australian supplier.

- The transaction is of a personal nature.

5.5.   Prohibited purchases

PCards **must not** be used to purchase:

- Personal expenditure, expenses that benefit the PCard holder.

- Alcohol (except for business related functions with the approval of the Chief Executive of a Health Entity or Deputy Secretaries and above of NSW Health).

- Australian Supplier has no ABN (except for overseas purchases).

- Cash withdrawals or advances.

- NSW Health fleet motor vehicle expenses – where payment should be covered by a lease or fuel card arrangement (other than in emergent situations).

- Infringements and fines (including motor vehicle infringements incurred by the driver of a NSW Health vehicle).

- Expenditure in excess of the Cardholder's credit limits or splitting a transaction to enable a purchase in excess of the credit limit.

- Goods or services from a Prohibited Merchant type (those listed under a blocked Merchant Category Code (MCC) at a Whole-of-Government level).

- Personal rewards or benefits, implicit at point of purchase including frequent flyer programs, bonus point schemes or gifts designed as benefit for utilising the card.

- Gratuities and/or tips, of any nature, both domestic and international (except in countries where gratuity constitutes part of normal payment).

- Workers' compensation payments.

- Online Business Directory Listings where recurring fees apply.

6.   TRAVEL

6.1.   Domestic travel approval

PCards can be used for all NSW Health employees who are to use public transport such as train, bus, ferry or light rail wherever practicable for domestic business travel.

All domestic travel bookings are to be made with the current NSW Government travel provider.

PCards can be used for unplanned or emergency domestic travel including accommodation, but this requires the employee to obtain their direct line manager's written approval and in accordance with the NSW Health Policy Directive *Official Travel* (PD2016_010) .

6.2.   Overseas Travel

All international travel bookings are to be made with the current NSW Government travel provider.

All accommodation arrangements are to be in accordance with the NSW Health Policy Directive *Official Travel* (PD2016_010).

6.3.   Unplanned or emergency overseas travel

PCards can be used for unplanned or emergency overseas travel including accommodation, but this requires the employees to obtain their direct line manager's written approval and in accordance with the NSW Health Policy Directive *Official Travel* (PD2016_010).

A PCard can be used where no prior arrangement was made for meals as deemed necessary.

Relevant documentation must be obtained to substantiate the transaction in the Expense Management System and the value of a meal must not exceed the prescribed NSW Government meal allowance rate outlined in the NSW Health Policy Directive *Official Travel* (PD2016_010).

7.   OPERATIONAL TRANSACTIONS

7.1.   Approving transactions

Approval is permission to incur or commit expenditure on behalf of the Health Entity. Approval can only be given by those specifically delegated.

In the case of PCard transactions, expenditure is formally approved when the Cardholder authorises a supplier to transact. i.e., at time of purchase.

7.2.   Acquitting transactions

Acquitting a transaction is confirmation that an approved payment is correct.

PCard transactions (i.e., individual payments) are acquitted when the responsible Expense Management System User codes the correct account, cost centre and entity and attaches supporting documentation to the online transactions in the Expense Management System.

Formally declaring:

- Receipt of goods.

- Correct rates of charge.

- Correct account code(s) charged.

- Correct tax liabilities are acknowledged and

- All required supporting documentation available.

Certification Process

The certification process is the coding of transactions to a General Ledger account. The Expense Management System enables the online certification of PCard transactions by:

- Importing transactions from the card provider on a nightly basis.

- Allowing online coding, certification and authorisation.

- Attachment of relevant tax invoices (if the Cardholder has not received a tax invoice for a specific transaction an Explanatory Notation must be attached to explain the circumstance).

- If the value of the purchase is below $30.00 plus GST, the supplier has no obligation to provide a tax invoice and therefore the employee may only receive a receipt which needs to be attached to the transaction.

- Where no receipt is available, or if receipt has been damaged, lost or misplaced an Explanatory Notation may be uploaded to the Expense Management System (an example is available on the HealthShare / eHealth intranet page Procurement Card (PCard) Program) and/or a brief explanation to be included in the Expense Management System Description field for review and approval.

- Submit to workflow approver for authorisation.

7.3.   Authorising transactions

Authorising a transaction in the Expense Management System is the endorsement process. This is an independent review to permit the release of a transaction that has been endorsed by a Cardholder or their nominee and certified as to its correctness.

Transactions are to be endorsed by an approver with appropriate financial delegation as contained in the Procurement Hierarchy.

7.4.   Repayment of unauthorised transactions

Transactions that are made in error, repayment by the Cardholder is mandated. Following consultation with the PCard Support Team, the Cardholder will repay the funds directly to the Card.

The Expense Management System transactions (debit and credit) are to be acquitted within appropriate time frames.

7.5. Disputed transactions

A disputed transaction is an unknown, possibly fraudulent transaction appearing in the Cardholder's account.

The Cardholder has 30 days to report and investigate disputed transactions by contacting the supplier (if known) to ascertain and resolve the problem. Unresolved transactions are borne by NSW Health.

Cardholders can seek assistance from the PCard Support Team to manage the issue.

All staff are responsible for promptly trying to resolve any disputed transactions to avoid unknown charges being charged to the Health Entities.

In the instance that goods purchased on a VCard have:

- Not been received
- Incorrect quantity
- Incorrect pricing
- Been damaged in transit.

The Receipting Officer must:

- Contact the supplier and inform their manager
- Negotiate a resolution with the supplier
- Monitor the dispute to resolution. The PCard Support Team will assist where required.

7.6. Discrepancy transactions

A discrepancy transaction is when a portion of the transaction is incorrect.

For example, the invoice amount is greater / less than the charge, over / under delivery of purchased goods.

7.7. Credits / refunds

Should the PCard account be entitled to a credit / refund, under no circumstance is the credit / refund to be received in cash.

The transaction is to be processed back to the original card and reflected in the Expense Management System. It will then follow the normal coding / authorisation process.

7.8. Credit card surcharge

A credit card surcharge is an extra fee charged by some suppliers when paying with a credit card to recover the cost of the merchant interchange fees.

The surcharge is clearly marked on the Tax Invoice. In the event that a surcharge does apply, Cardholders must code the fee to the same account code as the goods / services procured.

7.9. System checks against unusual transactions

The PCard Support Team electronically monitor transactions on a regular basis to identify exceptions, including suspicious patterns of card use. These are initially reviewed by the PCard Support Team and may then be referred to the Health Entity for investigation as deemed appropriate.

7.10. Idle Cards

Where an issued PCard has not incurred at least one transaction during a six month period, the Cardholder is to be informed that the PCard will be cancelled within 14 days of notice.