

# **DEPARTMENT OF FINANCE AND PERSONNEL**

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*Andrew McCormick*

*Treasury Officer of Accounts*

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**16 November 2001**

**To : Departmental, Agency and Additional Accounting Officers**

## **ISSUES RAISED BY THE PUBLIC ACCOUNTS COMMITTEE – USE OF CREDIT CARDS**

Following a Hearing on the Fire Authority for Northern Ireland, the Public Accounts Committee published a report in which it raised a number of issues relating to the use of credit cards by public bodies. In response to one of the Committee's recommendations, DFP will state that it has written to Accounting Officers on this matter. The PAC Recommendation and DFP's response is replicated below.

*"PAC Conclusion 27*

*"The Department of Finance and Personnel told us that no personal expenditure should be charged to a credit card issued within a public body. This should be obvious but it seems from this case that it was not. **We would expect the Department of Finance and Personnel to make it absolutely clear to public bodies that no items of personal expenditure should be charged to these credit cards even if the intention is to repay such expenditure. It is our view that this should be a disciplinary offence.***

*"The Department of Finance and Personnel (DFP) accepts this recommendation. Credit cards issued within a public body should not be used for any type of personal expenditure – even if the intention is to repay such expenditure. They should be used only for expenditure associated with the business of the body. Moreover, DFP agrees that the misuse of a credit card in this way should be considered to be a disciplinary offence.*

*"Guidance on the use of credit cards can be found in Government Accounting Northern Ireland (GANI) and the associated publication 'Departmental Banking: A*

*Manual for Government Departments'. Annex 31.1 of GANI provides comprehensive guidance on the use of the Government Procurement Card. The principles set out in this annex can be used by public bodies when introducing a credit card scheme.*

*"DFP would emphasise that should a public body either introduce or currently use a credit card scheme, it is imperative that it should design a control system specifically associated with that scheme. One of the key controls of such a system is to state clearly the scope of purchases for which the card can be used. However, just as important, is to state what the card cannot be used for. All control systems of this nature should clearly state that a credit card issued to an employee of a public body should not be used for personal expenditure.*

*"Guidance in GANI also makes it clear that 'Departments should put in place disciplinary procedures to deal with any misuse of procurement cards' (Annex 31.1, para. 20). The fact that misuse of a credit card is a disciplinary offence should be clearly stated in any internal guidance associated with the use of the card and communicated to all users of credit cards in public sector bodies.*

*"DFP has written to Accounting Officers to bring to their attention both the Committee's and DFP's views on this matter."*

## **Action**

I should be grateful if Accounting Officers would

- note the content of this letter and in particular the points of guidance set out in the DFP response to the PAC and ensure that these are applied and are being applied;
- give the letter appropriate circulation within your organisation; and
- copy the letter to all your sponsored bodies.

Yours sincerely

*Andrew McCormick*

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**Treasury Officer of Accounts**