

**1. Title: General Guidelines for Personal Expenses and the use of Credit Cards by Public Service Employees, Including Chief and Senior Executives**

**2. Effective Date:** 7 July 1997

**3. Purpose:**

These guidelines have been developed to assist accountable officers in the discharge of their financial responsibilities, by defining principles and practices for the reimbursement of expenses incurred as part of official duties and for the administration of charges made on an official credit card.

**4. Application:**

These guidelines are for accountable officers of departments as defined in the *Financial Administration and Audit Act 1977* and apply to chief executives, senior executives and all public service employees.

These guidelines are not intended to be exhaustive in coverage but to identify principles and provide clarification of issues and examples of reasonable practices regarding personal expenditure and the use of official credit cards. Departments and agencies must supplement these guidelines with more detailed operational requirements in their Financial Management Practice Manual.

**5. Principles:**

The guiding principles for an accountable officer, or delegate to consider is that expenditure must:

- be for official purposes;
- be properly documented with the public purpose identified;
- be available for scrutiny by both internal and external audit;
- appear appropriate and reasonable; and
- be authorised and have expenditure approved by an appropriate senior officer.

In view of the above and to enhance internal control over such expenditure, an officer who incurs an expense should not validate and authorise the payment or reimbursement of that expenditure. Personal expenditure for official purposes, should be validated and authorised by an independent senior officer with a delegated authority to approve expenditure. (This would normally be the officer's supervisor or higher authority.)

## **5.1 Official Purposes**

Expenditure must be for official purposes and accountable officers, or delegates must be able to identify the benefit for the agency, the State and the public generally.

## **5.2 Declarations and Documentation of Expenditure**

Irrespective of the classification of the expenditure, the accountable officer must be satisfied that any claim for payment or reimbursement of personal expenditure incurred for official purposes is properly documented and substantiated. Chief executives are accountable to ensure appropriate systems are in place to validate expenditure and to judge its appropriateness and reasonableness at any time.

Generally, invoices or accounts are required for expenditure and should be provided to support any claim. Where invoices or accounts are not available, an itemised statement in support of the claim should be provided and certified by the claimant as true and accurate.

Appropriate declarations pertaining to the expenditure must be obtained and must state that the expenditure was incurred for official purposes. This declaration should be made before the expenditure is authorised.

With respect to expenditure on hospitality and official functions, the following information should also be provided:

- Description of the official purpose (including a description of the relationship between the hospitality or official function and the conduct of public business);
- Certification that expenditure was incurred in relation to the performance of official duties and responsibilities of the individual or individuals attending the function;
- Invoice or account validating expenditure (including details of all items of expenditure);
- Names of persons in attendance and external organisations represented; and
- Names of Queensland public servants and associates of the Queensland Government in attendance. (Associates are defined as the relatives or nominees of Queensland Government employees or employees of Statutory Bodies or Local Governments.)

## **5.3 Reasonable Expenditure**

In all instances of personal expenditure claimed for reimbursement or payment, the chief executive or delegate should be comfortable in disclosing the expense, should that be required, and be able to identify the benefit for the agency, the State and the public generally. They should be satisfied that the claim was reasonable, prior to the authorisation of any such payment or reimbursement.

Matters which should be considered include the quantum of the claim and the frequency of claims. Due consideration also needs to be given to factors such as custom, geographical cost of living (overseas, domestic) and accepted community practice or standard.

## **6. Financial and Legal Framework**

Pursuant to the provisions of the *Financial Administration and Audit Act 1977*, accountable officers must ensure that departmental or agency operations are carried out efficiently, effectively and

economically and that liability for expenditure is only incurred for lawful purposes (i.e. the proper conduct of public business).

These guidelines do not override any legal requirements and must be read in conjunction with the *Financial Administration and Audit Act 1977*, the *Financial Management Standard 1997* and the Financial Management Practice Manual of your agency, as well as any other relevant legislative requirements, which may include provisions of the following Acts:

- Determinations made under the *Public Service Act 2008* and the Code of Conduct;
- *Fringe Benefits Tax Act 1986*, *Fringe Benefits Tax Assessment Act 1986* and the *Fringe Benefits Tax (Miscellaneous Provisions) Act 1986*; and
- *Income Tax Act 1986* and the *Income Tax Assessment Act 1986* and related guidelines.

It should be noted that these guidelines will not modify, add to, subtract from, or otherwise affect any provisions of the Criminal Code or any other penal or exculpatory rule or law, statutory or otherwise, except to provide a guide for what might ordinarily be regarded as acceptable financial conduct.

## **7. Guidelines:**

### **7.1 Hospitality and Official Functions**

Entertainment (or expenditure for official hospitality) should only be incurred where it is considered essential to facilitate the conduct of public business through persons who are able to do so, either by advice or because of their vocations or business needs. However, such hospitality should not be a substitute for business meetings which would ordinarily be conducted in the workplace.

In certain cases, it may be periodically appropriate to provide hospitality to individuals of particular importance to the agency or the State. Examples would include:

- Interstate and overseas visitors (where the department or agency has an interest in, or a specific obligation towards, facilitating the visit);
- Representatives of business or industry, trade unions and recognised community organisations, the press and other media; and
- Representatives of other levels of government (in exceptional circumstances only).

#### **7.1.1 Attendance of Queensland Public Service Employees at Official Functions**

The number of public service employees attending a function should comprise a minor, or balanced proportion of attendees having regard to external representatives. Expenditure should not be incurred for attendance of officers' associates, except with the permission of the relevant accountable officer or Minister.

While, as a general principle, public service employees should not expect to entertain other public service employees at the public's expense, there may be circumstances where it may be reasonable for such costs to be met. Chief executives should be careful to ensure that such occurrences are exceptional.

#### **7.1.2 Other Hospitality Expenses**

Other types of expenditure considered reasonable as official hospitality may include:

- Provision of tea, coffee, morning or afternoon tea for official visitors;
- Provision of light refreshments/lunches for internal meetings, conferences, seminars and workshops; and
- Attendance at official functions for which charges are incurred.

Generally, working meals should be of a light nature at the work/meeting location, unless associated with a seminar or other function at a particular venue.

In circumstances where the agency is hosting a conference or official meeting, costs associated with receptions would be considered as part of the overall expenditure for the event.

In the case of chief executives, it is reasonable to provide a stocked liquor cabinet for small scale entertainment. At the relevant chief executive's discretion, this hospitality expense can be extended to "Deputy Directors-General".

### **7.1.3 Receiving Hospitality**

When accepting hospitality, particular care should be taken to avoid any possible conflict of interest. It is particularly important that such situations should not be perceived or construed as providing an incentive for any commercial transactions. Please refer to the *Financial Management Standard 1997* for further information.

### **7.1.4 Fringe Benefits Tax Requirements**

Fringe Benefits Tax (FBT) may be payable on some of the official hospitality expenditure that is attributable to officers of the agency. Agencies should be aware of FBT rules and of their application for official hospitality functions.

The use of a hospitality register may be considered to record details and costs associated with official entertainment.

## **8. Travel Expenses**

### **8.1 Personal Travel Expenses**

Determination of the class and type of air travel arrangements is the responsibility of individual departments. As a guide however, Ministers and chief executives would travel business class. For air travel exceeding three (3) hours, Ministers travel first class. Officers may upgrade their air travel class if accompanying and authorised by the Minister or chief executive as appropriate.

In accordance with departmental or agency policies and pursuant to Determinations or Directives made under the provisions of the *Public Service Act 2008* or other relevant agency guidelines, officers are entitled to be compensated for the costs of accommodation, meals and incidentals required which are incurred whilst travelling for official purposes on the following basis:

- **Domestic Travel** Daily personal allowance and/or actual and reasonable expenses plus an overnight Incidental Expense Allowance;

- **Overseas Travel** Actual and reasonable expenses plus a Daily Personal Allowance and an Equipment Allowance.

Where official travel is authorised for an officer and that officer extends the travel for personal reasons, reimbursement of expenses should only cover those expenses which would normally be incurred if the private element of the travel was not undertaken.

To satisfy the requirements of the *Fringe Benefits Tax Act 1986*, officers are required to maintain a diary/itinerary of travel movements and to attach that record, along with receipts etc to any travel expenses claim for:

- Overseas travel; or
- Domestic travel involving an absence greater than five (5) nights.

Particulars required to be declared in travel diaries include the dates and times of the activity, the location/s and details of the activity.

In addition to Ministerial approval, a travel itinerary for any overseas travel must be submitted to the Director, State Affairs Branch, Department of the Premier and Cabinet prior to any departure on official overseas travel so that the Commonwealth Department of Foreign Affairs can be notified.

While a chief executive is entitled to a commensurate level of accommodation to his/her role when travelling, the specific nature should be determined by the functional requirements of the travel. For example, the use of a suite, or a room with adjoining conference facilities may be considered where formal hospitality or working meetings are conducted at the location.

Membership of airline executive services (eg Golden Wing, Qantas Club) may be considered an agency operational requirement under the discretion of the chief executive. Similarly, expenses associated with car hire would be determined in relation to operational needs during travel.

Other items that may be acceptable in the normal course of official travel include the following:

- **Laundry and dry cleaning costs** - where travel is for five days or longer, reasonable costs should be met. Such costs would not normally be met where only an overnight stay was involved.
- **Minibar costs** - these should not exceed \$20-00 daily maximum if the minibar use is considered necessary.
- **Gifts** - Care must be taken to ensure that costs associated with the purchase and making of gifts are incurred in accordance with the Financial Management Standard, the *Financial Administration and Audit Act 1977* and Regulations thereunder.
- **Tips and gratuities** - in instances of overseas travel, where expenditure associated with tips and gratuities is accepted custom or practice of the country.

The general rule which should apply with regard to private telephone calls which are made while an officer is travelling is that such calls should be paid for personally. The only exception to this is where an officer telephones his or her home (see also section 10 of these guidelines).

## **8.2 *Travel and Other Expenses Incurred while on Leave***

Costs incurred in relation to attendance at official functions or the performance of official duties while on approved leave should be reviewed carefully to ensure that there are identified benefits for the agency and the State. Expenses allowed for reimbursement should only be those expenses additional to the expenses which would have normally been incurred by the officer whilst on leave.

## **8.3 *Associates (Accompanying Persons/Spouses) Travel Expenses***

Only in exceptional circumstances, specifically approved by the Minister or accountable officer, and where the attendance of an associate is of demonstrated benefit to the State, are the travel and associated costs of such a person to be met by the department.

Generally, where an officer is accompanied on official travel, the department would not be expected to meet the costs of:

- fares for the associate/s;
- additional accommodation charges beyond those costs associated with the arrangements for the officer;
- meals, drinks and incidentals for the associate/s; and
- laundry, dry cleaning and grooming costs for the associate/s.

## **9. Professional Expenses and Corporate Membership**

Certain professional expenses may be provided for in contracts of employment, and/or as part of Senior Executive Service salary package arrangements. Beyond the provisions of these contracts and arrangements, examples of reasonable expenses include:

- Corporate Membership where there is an identified operational benefit for the agency and the State;
- Purchase of journals, newspapers and magazines, where not regarded as library material.

## **10. Private Telephone Expenses**

Officers employed under Senior Executive Service arrangements, as well as other officers who are required to use their private telephone facilities for official purposes may be eligible for full or partial reimbursement of rental costs of a telephone installed in their residence. In addition, such officers may, in accordance with departmental or agency policies, be reimbursed for a percentage or set number of calls (as agreed between the accountable officer or delegate and the officer) which reflect the business component of registered calls.

Where separately metered and claimed, the full cost of official STD/ISD calls may also be reimbursed.

If mobile telephones are provided for business calls, the department or agency is required to meet such costs. Departmental guidelines should provide for reimbursement to the department for costs of private calls from departmental mobile phones.

## 11. Credit Cards

In line with whole-of-government arrangements, contracts have been put in place with American Express International Inc. (AMEX) for the use of the AMEX Corporate Card and with the Australia and New Zealand Banking Group Limited (ANZ) for the use of the ANZ Visa Corporate Card.

These contracts enable government departments to put Queensland Government Corporate Purchasing Card (QGCP) facilities in place for the use of their officers. The advantages of the QGCP as an alternative payment mechanism are:

- improved payment performance;
- simplified administrative processes;
- more efficient cash management; and
- better service delivery.

The QGCP is particularly useful for paying for accommodation, meals and related expenditure incurred by officers during travel on official business. Whilst the issue of a QGCP has generally been restricted to senior officers in the past, it is now recognised as an appropriate payment mechanism to be used by officers at all levels within government.

Each department or agency which issues a QGCP to its officers is required to maintain a credit card register, establish internal controls and develop guidelines for the use of the cards (known as Agency Guidelines). Accountable officers should only issue credit cards on the basis that the holders:

- have a business need for the card;
- have a responsibility to use the card in a proper and appropriate manner;
- are fully accountable for all transactions associated with the use of the card; and
- have been delegated the appropriate purchasing and expenditure authorities.

Departments and agencies need to ensure that their agency guidelines (indicating the approved basis for the use of a card) are given to an officer at the time the credit card is issued to them. All expenditure incurred on a credit card must be supported by source documentary evidence (i.e. charge slips and itemised invoices or receipts) as set out in the agency's guidelines. Credit cards should not be used for:

- any expenditure incurred for or on behalf of a State Government Minister;
- a purpose other than a designated and authorised purpose;
- payment of any non-official or private expenditure; or
- cash advances or cash withdrawals.

Whilst the QGCPC was previously restricted from being used over the internet, online purchases with the card are now permitted. However, departments and agencies need to include a specific section in their agency guidelines setting out any restrictions that will apply to these transactions. Limits that departments might consider prudent to put in place include the following:

- limiting Internet purchases to an approved list of cardholders;
- limiting the dollar value of individual internet transactions;
- limiting the dollar amount and the number of internet transactions that a cardholder can conduct in any one month;
- limiting Internet purchases to merchant sites that utilise Secure Socket Layer (SSL) security;
- limiting Internet purchases to an approved list of merchants; and
- ensuring that all internet purchases are conducted in accordance with the agency's and the Queensland Government's State Purchasing policies.

### **11.1 Queensland Government Corporate Purchasing Card**

Departments and agencies must develop their own agency guidelines for the use of the QGCPC and ensure that they are consistent with the *"Treasurer's Guidelines for the Use Of The Queensland Government Corporate Purchasing Card"* that are issued by the Treasurer and the principles outlined above.

## **12. "Grey Areas" - Non-official or Private Expenditure**

In a situation where there is some doubt about the validity of claiming particular expenditure (e.g. where there is doubt that an activity or function relates to the employee's official duties), the chief executive should make a determination in relation to the principles of these guidelines. Decisions should be able to withstand the public defensibility test.

In particularly ambiguous situations, advice might also be sought from the Treasury in terms of the *Financial Management Standard*. Examples of expenditure which are generally regarded as non-official or private in nature include:

- Non-official entertainment and travel costs (i.e. personal video hire fees, an employee's retirement function, luncheons or medium-high cost functions for recognising employees' efforts);
- Tips or gratuities (unless an officer is travelling overseas for official purposes and it is a custom of the region);
- Dinners/functions at an officer's private residence (unless specifically authorised by an accountable officer or Minister);
- Tea, coffee or kitchen supplies for personal use by officers of the department;
- Stocking of office bar fridges (except chief executives and deputies);
- Personal grooming expenses;
- Club membership fees;
- Parking and traffic offences;
- Child minding fees except where special circumstances arise to suit departmental requirements and at the discretion of the chief executive; and
- Floral presentations as a gift and floral tributes.

The use of **government telephones** for private purposes should be considered under two underlying principles –

the taxpayer should not be expected to pay for private telephone calls (i.e. employees should not use work telephones to conduct their private business affairs).

the government, as a responsible employer, has obligations to its employees and, as such, should extend a deal of reasonableness and sensitivity toward employees.

Notwithstanding the above, it is acknowledged that there may be circumstances where the department or agency is committed to a payment, a minor proportion of which is non-official or private (i.e. hotel account containing private telephone charges).

If an employee is unsure whether an item of expenditure can be classified for official purposes, the employee should meet the initial costs from personal resources and then claim reimbursement from the department or agency. This will allow an independent party to examine the expenditure and provide an impartial interpretation of the guidelines.