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## 1. Effective Date

- 1.1 This policy is effective on **10 October 2024**.
- 1.2 This policy replaces all previous Department of National Defence (DND)/Canadian Armed Forces (CAF) Financial Management (FM) policy instruments related to payment cards as follows:
- Financial Administration Manual (FAM) Chapter 1016-7-1, Acquisition Cards, issued 27 July 2004
  - 7336-3-5-8 (DFPP) 09 January 2012 – Policy Guidance Concerning the Issue of DND Acquisition Cards
- 1.3 The policy was approved by the Assistant Deputy Minister, (Finance)/Chief Financial Officer (ADM(Fin)/CFO) on **10 October 2024**.

## 2. Application

- 2.1 This policy applies to all payment cards administered and used within DND.

## 3. Context

- 3.1 A payment card is a credit card issued under a contract between a [credit card provider](#) and the Government of Canada for the payment of authorized purchases of goods and services.
- 3.2 The use of payment cards simplifies the procure-to-payment process, which allows for savings by reducing or streamlining certain activities within the expenditure management process.
- 3.3 The issuance of a payment card in no way implies the delegation of any Expenditure Initiation, Commitment, Transaction or Contracting Authority. Responsibility centre (RC) managers must ensure that all delegation principles and financial authorities are applied in accordance with the Delegation of Authorities for Financial Administration for DND and the CAF (Delegation Instrument).
- 3.4 Due to the nature and complexity of its programs, the Department and the CAF are faced with unique situations that may not be addressed or fully articulated under the Treasury Board (TB) Directive on Payments and other authoritative documents. This policy is required to outline and explain the DND/CAF payment card policy but does not repeat the information stated in TB publications except as required for context and clarity.
- 3.5 Accordingly, this policy must be read and applied in conjunction with and after reading the following:
- [TB Directive on Payments](#) (in particular section 4.7, “Payment by acquisition cards”, and “Appendix B: Standard on Acquisition Card Payments”, including the applicable definitions in Appendix D);

- [Receiver General Manual Chapter 9 – Government of Canada acquisition card program](#)

- 3.6 All financial documentation supporting the transactions must be retained for six years from the end of the fiscal year in which the transaction takes place. When an accounts receivable is created, all documentation is retained until the account is cleared. When a criminal disciplinary or recovery action is taken, all documentation must be retained and protected for six fiscal years after the process is completed.
- 3.7 See [Appendix A](#) for the definitions applicable to this policy and a list of acronyms used.

## **4. Objectives and Expected Results**

- 4.1 The objectives of this policy are to:
- Identify the DND/CAF key stakeholders involved with payment cards and outline their roles and responsibilities; and
  - Establish the key controls and responsibilities for the effective, economical, and secure use of payment cards within DND/CAF in addition to those addressed in the authoritative documents listed at paragraph 3.5 of this policy.
- 4.2 The expected results of implementing this policy are:
- Effective governance and oversight over DND/CAF use of payment cards;
  - Effective internal controls over DND/CAF payment cards;
  - Key DND/CAF stakeholders are aware of and understand their roles and responsibilities with respect to the issuance and use of payment cards; and
  - DND/CAF's payment cards are managed in accordance with TB requirements.

## **5. Requirements**

In addition to the responsibilities identified in this policy, card coordinators, RC managers, custodians, cardholders, and agents must comply or ensure compliance with the requirements of this section.

### **Overview: Types of Payment Cards**

- 5.1 There are two types of payment cards:
- [Assigned payment cards](#); and
  - [Asset payment cards](#).
- 5.2 An assigned payment card is a type of credit card issued in the name of an individual on the recommendation of the RC manager for the sole purpose of making payments for authorized DND purchases.
- 5.3 An asset card is a type of corporate credit card issued under a contract between a credit card provider and the Government of Canada for the payment of goods and services to support the operation of a high-value [DND/CAF organizational asset](#), as

described in this policy, and that is issued in the name of that DND/CAF organizational asset. An asset card is assigned to an authorized [cardholder](#) by a custodian on the recommendation of the RC manager.

- 5.4 Although the use of payment cards is not mandatory, DND strongly encourages the use of payment cards to process payments for authorized DND purchases where it is operationally feasible and secure to do so. RC managers are encouraged to ensure contracts include a provision that allows the option to pay by credit card where possible.
- 5.5 The issuance of a payment card in no way implies the delegation of any Expenditure Initiation, Commitment, Transaction or Contracting Authority.
- 5.6 A payment card is strictly a method of making payment, and its use does not override or by-pass applicable contracting or payment policies and processes and all delegation principles and financial authorities must be applied.

### **Eligibility and Restrictions of Payment Cards**

- 5.7 RC managers may only request that an assigned payment card be issued to the following categories of DND employees/CAF members:
- DND indeterminate employees;
  - DND term employees with a minimum of six months continuous employment completed at the time of card request;
  - CAF members of the Regular Force;
  - CAF members of the Reserve Force on Class B or C service with a minimum of six months continuous service completed at the time of the request;
  - Indeterminate government employees of another Government of Canada Department seconded or assigned to a DND position; or
  - Locally-engaged staff abroad hired by the department for an indeterminate period.

#### **Notes:**

- Reserve Force Class A members with a history of consistent attendance over a minimum continuous period of six months may be issued an assigned payment card in exceptional circumstances if the Regional Departmental Accounting Office (RDAO) comptroller obtains written approval from the Departmental Card Coordinator.
  - CAF members of the Reserve Force on Class B or C service who are operationally deployed for a period of less than six months may also be issued an assigned payment card if the RDAO comptroller obtains written approval from the Departmental Card Coordinator.
- 5.8 RC managers may only recommend that an asset card be assigned to the following eligible individuals as the cardholder:
- DND indeterminate employees;
  - DND term employees with a minimum of six months continuous employment completed at the time of asset card request;
  - CAF members of the Regular Force;

- CAF members of the Reserve Force on Class B or C service with a minimum of six months continuous service completed at the time of the request; or
  - Indeterminate government employees of another Government of Canada Department seconded or assigned to a DND position;
- 5.9 A cardholder may only be issued one payment card per credit card provider.
- 5.10 Only the cardholder or authorized cardholder to whom a payment card is issued is authorized to use it.
- 5.11 The following individuals must not be issued a payment card: employees of the staff of the non-public funds, Canadian Forces; Interchange Canada participants; employees of crown corporations; and foreign military personnel.
- 5.12 A Regional Card Coordinator (RCC) cannot be a cardholder.
- 5.13 An RC manager should not normally be a cardholder. If an RC manager is a cardholder, then the payments processed on their assigned payment card must be certified under FAA Section 34 by their supervisor in their financial chain of command.
- 5.14 A payment card can only be used by a cardholder to process payment for authorized DND purchases with a [supplier](#) in accordance with the:
- Provisions of this policy and supporting procedures;
  - Limitations established by the RC manager; and
  - Contracting authority of the individual authorizing the purchase.
- 5.15 A payment card must not be used for:
- Payment of [personal purchases](#);
  - Obtaining cash advances;
  - Payments after the card expiry date;
  - Payment of travel related expenses;
  - Payment of vehicle operating and maintenance expenses unless a fleet card is not accepted by the supplier;
  - Payment to a supplier who is not a resident of Canada for services provided in Canada; or
  - Interdepartmental transactions, except CORCAN (an agency of Correctional Services Canada); or
  - Supplier invoices that meet the definition of high risk in accordance with the Risk-Based Payment Authority provisions of FAM Chapter 1016-4, Manage Payments – FAA Section 33.
- 5.16 With the prior approval of the Corporate Departmental Accounting Office (CDAO), an assigned payment card may be used to pay for travel related, or vehicle operating and maintenance expenses as a last resort in emergency situations where no other payment method is available. In such circumstances, the details surrounding the inability to use an approved method must be documented by the cardholder.

- 5.17 There are certain goods and/or services that cannot normally be purchased by RC managers for safety, compatibility or lifecycle reasons. Examples include hazardous material, weapons, ammunition, etc. Prior to initializing any purchase, RC managers must ensure that they have the authority to purchase the goods based on their description/use. A payment card can only be used to process payments for such goods and services where a valid contracting and financial authority exists. For more detailed information, RC managers should contact their local procurement/supply organization.

### **Use of Payment Cards**

- 5.18 RC managers will be held accountable for the management and control of payment cards within their unit or organization. They must ensure that all relevant financial and contracting policies are correctly applied when a payment card is used.
- 5.19 RC managers may formally designate a cardholder to exercise spending authority as per the Delegation Instrument provided that the cardholder has the necessary knowledge and has successfully completed all requisite expenditure initiation and procurement training.
- 5.20 An RC Administrator may perform some or all of the administrative functions as they relate to payment cards provided that have written authority from the RC Manager via the formal delegation of authority (DoA) process and forms.
- 5.21 RC managers are responsible for ensuring that commitment controls are in place for purchases that will be paid with a payment card. Refer to FAM Chapter 1016-2, Expenditure Initiation and Commitment Control – FAA Section 32 for additional information on commitment controls.
- 5.22 All purchases that are paid for using a payment card must first follow the contracting policy and be within the delegated contracting authority of the individual approving the purchase as indicated in the Delegation Instrument.
- 5.23 If a cardholder has not been delegated contracting authority or if the value of the contract exceeds their delegated authority, the cardholder may still use their payment card to process the payment, however, an individual with the appropriate delegated authority must first enter into the contract. As well, the contract should include a provision that payment will be made by way of credit card to ensure that the payment card will be accepted as the method of payment.
- 5.24 Cardholders and RC managers must be aware of and ensure that a payment card is not used to make payments on transactions resulting from contract splitting. Contract splitting occurs when multiple contracts are used for a single requirement in order to avoid delegated authority levels, approval processes or other contracting rules. Refer to the A-PP-005-000/AG-002 Procurement Administration Manual (PAM) for more detail and clarification.
- 5.25 In addition to all other requirements, the use of payment cards must meet the advance payment (e.g. in advance of the receipt of goods or services) and payment on due date (PODD) policy requirements, as specified in FAM Chapter 1016-3, Account Verification – FAA Section 34. The application of these advance payment

and PODD policy requirements to the use of payment cards is summarized as follows:

- **Point-of-Sale purchases:** The use of a payment cards to execute a payment for goods or services either in person or online (where sales taxes may become payable, and a receipt is generated) is permitted within the provisions of this policy). Examples of this include physically going to a store to pick-up goods and paying at the cashier or logging on to a website, selecting goods and paying for them in full;
- **Internet Purchases:** The use of a payment card to pay for authorized Internet/On-Line purchases is permitted within the provisions of this policy;
- **Telephone/Fax Purchases:** The use of a payment card to pay for authorized telephone/fax purchases is permitted within the provisions of this policy;
- **Invoice Payment:** Payment of a standard supplier invoice is subject to the advance payment and PODD requirements specified in FAM Chapter 1016-3, regardless of the method of payment. As PODD applies, the invoice must not be paid (i.e. by payment card) prior to the final three business days of the PODD period; and
- **Other Payments:** Where accepted by the payee and as permitted within the provisions of this policy, a payment card can be used to make other payments in accordance with the advance payment and PODD requirements of FAM Chapter 1016-3 (e.g. for regulated fees, rent, utilities, etc.).

5.26 RC managers may allow assigned payment cards in their unit/organization to be used to pay for authorized purchases charged to cost centres other than their own provided:

- Both RC managers approve the arrangement in advance of the payment;
- The conditions of FAM Chapter 1016-2 governing Expenditure Initiation and Contracting Authority must be applied for each cost centre; and
- The conditions of FAM Chapter 1016-3 governing FAA Section 34 verification and certification must be applied for each cost centre that will be charged (unless a control framework in accordance with the Special Considerations section of FAM Chapter 1014-4-1 is in place).

### **Account Verification and Certification**

5.27 DND payment card transactions must be compliant with the requirements of FAM Chapter 1016-3 governing FAA Section 34 verification and certification, except as noted in the following paragraphs.

5.28 Payment card receipts, or other proof of payment documentation, for Point-of-Sale transactions do not have to be certified individually. In these cases, a bulk FAA Section 34 certification on the Defence Resource Management Information System (DRMIS) Activity Report, after completing the monthly reconciliation to the credit card statement in accordance with the supporting procedures, will suffice.

- 5.29 It is understood that confirmation that work has been performed, goods have been delivered or services rendered, prior to certification and payment of an account is not possible with point-of sale transactions.
- 5.30 Standard supplier invoices must be certified pursuant to FAA Section 34 prior to being paid by payment card. Standard supplier invoices are defined as transactions that are subject to PODD requirements and do not include transactions where payment is made simultaneously with the placement of an order or completion of a purchase.
- 5.31 A cardholder must not perform FAA Section 34 certification on any invoice or other proof of payment document, or on a monthly DRMIS Activity Report for which they used the payment card to make the payment.

### **Reward Points**

- 5.32 When using a payment card, cardholders must not accept, collect or redeem reward/loyalty program points or any other benefit that may be offered to them by the supplier, or any other party, with respect to the transaction and/or payment thereof.

### **Provincial Sales Tax (PST) Exemption**

- 5.33 DND is generally exempt from paying PST. Cardholders paying for goods and services that are acquired, delivered or provided in provinces with a PST (British Columbia, Manitoba, and or Saskatchewan at the time of writing) must avoid paying PST by providing the PST exemption number or certificate (depending on provincial requirements) to the supplier prior to payment. This is not applicable in those provinces that have a Harmonized Sales Tax (HST) or to the Quebec Sales Tax (QST), both of which DND is required to pay.

### **Card Security**

- 5.34 The Receiver General (RG) Manual Chapter 9 – Government of Canada Acquisition Card Program identifies recommended best practices for the secure use of a payment card. The security and safekeeping practices in this RG manual must be adhered to by the cardholder. Important topics covered include:
- Internet purchases;
  - Telephone purchases;
  - Third-Party-Payment; and
  - Safekeeping and Storage.
- 5.35 When not in use, payment cards must be stored in accordance with the National Defence Security Orders and Directives (Physical Security Technical Standards). This also applies to all documentation that contains payment card information, including the monthly reconciliation package.
- 5.36 Consult with the card coordinator before using a payment card in any situation that the RC manager or a cardholder may consider unsafe or risky, or where clear provision for use has not been provided.



## **Cancellation of a Payment Card**

- 5.37 A payment card must be cancelled when one of the following occurs:
- The card is no longer required;
  - The card is lost or stolen;
  - The card has been compromised in any manner, or
  - In the case of an assigned payment card:
    - A cardholder leaves the RC manager's unit/organization, or
    - A cardholder does not abide by their signed acknowledgement of responsibilities and obligations.
- 5.38 In the case of an asset payment card, the RC manager must ensure that the asset payment card is obtained from the cardholder when they leave the unit/organization or do not abide by the signed acknowledgement of responsibilities and obligations.
- 5.39 If a cardholder departs without returning their payment card, the RC manager must request and obtain the payment card, cut it in two, and inform their RCC to request that the payment card be cancelled. If a cardholder fails to return the payment card, the RC manager must treat the payment card as equivalent to being a lost/stolen card and request that the RCC have the payment card cancelled. Should the RC manager fail to obtain the payment card and/or have it cancelled, any charges that occur after the departure of the cardholder will be charged to the RC manager's budget, and may be subject to recovery in accordance the requirements of the FAA.

## **6. Roles and Responsibilities**

The responsibilities for payment cards are set out in the authoritative documents listed at paragraph [3.5](#) of this policy. The following sections explain the additional responsibilities that apply for DND and the CAF.

### **Deputy Minister**

- 6.1 The Deputy Minister (DM) is responsible for:
- Establishing an effective departmental governance and oversight framework to ensure a risk-based departmental system of internal financial control over the use of payment cards as a method of payment is established, monitored and maintained;
  - Ensuring RC managers and the ADM(Fin)/CFO are aware of their responsibilities and have the necessary knowledge to carry them out; and
  - Ensuring that the appropriate delegation of financial and contracting authorities for the use of payment cards is in place.

### **Assistant Deputy Minister (Finance)/Chief Financial Officer**

- 6.2 The Assistant Deputy Minister, (Finance)/Chief Financial Officer (ADM(Fin)/CFO) is responsible for:
- The responsibilities of the ADM(Fin)/CFO with respect to payment cards that are described in the TB Directive on Payments, section 4.7, "Payment by acquisition cards" and "Appendix B: Standard on Acquisition Card Payments";

- Approving this policy;
- Establishing and maintaining management practices and risk-based controls within DND/CAF to ensure the appropriate and legitimate use of payment cards as a method of payment for Public Fund expenditures where feasible and economical and in accordance with authoritative direction;
- Establishing limitations or restrictions on the use of payment cards as appropriate within DND/CAF;
- Overseeing the implementation and monitoring of this policy;
- Identifying the [Departmental Card Coordinator](#) and supporting them in their role to ensure an effective and compliant payment card program within DND/CAF;
- Approving the asset categories eligible for the issuance of asset payment cards; and
- Ensuring that corrective actions are taken to address instances of non-compliance with this policy by a civilian, or in the case of a CAF member, notifying the military chain of command that corrective actions must be taken.

### **Level 1 Advisors**

- 6.3 Level 1 (L1) (Assistant Deputy Ministers and Military L1s) Advisors are responsible for:
- Ensuring that this policy is properly applied within their organization.

### **Director General, Strategic Financial Governance**

- 6.4 The Director General, Strategic Financial Governance (DGSFG) is responsible for:
- Ensuring that this policy takes into consideration the unique situations and circumstances of the DND/CAF;
  - Ensuring the development of financial controls and systems in support of this policy; and
  - Bringing to the ADM(Fin)/CFO's attention any significant compliance issues with this policy that they become aware of and providing recommendations on how to address them.

### **Director, Financial Policy**

- 6.5 The Director, Financial Policy (DFP) is responsible for:
- Defining and developing financial policies in support of the use and control of payment cards; and
  - Providing financial policy interpretation and clarification when appropriate.

### **Director, Financial Controls**

- 6.6 The Director, Financial Controls (DFC) is responsible for:
- Documenting and evaluating financial controls governing the payment card program; and
  - Developing and maintaining the financial control framework for the payment card program.

### **Director General, Financial Operations and Services**

- 6.7 The Director General, Financial Operations and Services (DGFOS) is responsible for:
- Supporting the implementation of this policy;
  - Overseeing the day-to-day application of this policy;
  - Ensuring that appropriate processes are in place to promote departmental compliance with this policy;
  - Ensuring a monitoring system is in place to periodically review compliance with this policy; and
  - Bringing to the ADM(Fin)/CFO's attention any significant compliance issues with this policy that they become aware of and providing recommendations on how to address them.

**Director, Financial Operations**

- 6.8 The Director, Financial Operations (DFO) is responsible for:
- Leading the implementation and overseeing the day-to-day application of this policy;
  - Ensuring that appropriate procedures including forms are developed and implemented to support departmental compliance with this policy;
  - Ensuring that departmental compliance with this policy is monitored; and
  - Bringing to the DGFOS's attention any significant compliance issues with this policy that they become aware of and providing recommendations on how to address them.

**Corporate Departmental Accounting Office**

- 6.9 The Corporate Departmental Accounting Office (CDAO) is the Departmental Card Coordinator, and is responsible for:
- The responsibilities of the departmental acquisition card coordinator that are described in the TB Directive on Payments, "Appendix B: Standard on Acquisition Card Payments";
  - Coordinating and managing the payment card program in DND;
  - Developing and implementing the procedures and forms required to support this policy;
  - Developing a training program and training materials for the payment card program;
  - Verifying that the credit card provider monthly consolidated invoices are accurate and paying them in accordance with the card provider contract and departmental policies for Account Verification and Manage Payments;
  - Managing the allocation of the rebates received from the credit card providers
  - Supporting RDAO's with the implementation of this policy and monitoring compliance, including potential misuses;
  - Authorizing the issuance of an assigned payment card to an individual on the recommendation of the RCC or, in the case of a non-standard profile, from the RDAO comptroller;
  - Authorizing the issuance of an asset payment card, after obtaining the approval of the CFO, in accordance with the requirements of the Banking Arrangements Directorate of Public Services and Procurement Canada;
  - Confirming that the RCC has obtained the written acknowledgment of responsibilities and obligations from the cardholder, or, in the case of an asset card, that the card custodian has the cardholder acknowledgement on file;

- Assisting the RDAO's with the resolution of payment card issues or billing discrepancies, as required, including communicating with the credit card providers to ensure smooth operation of the payment card program; and
- Cancelling a payment card in accordance with this policy.

### **Level 1 Comptrollers**

6.10 Level 1 (L1) Comptrollers are responsible for:

- Ensuring that all staff within their organization who are involved with payment cards understand and properly apply this policy and supporting procedures;
- Ensuring that the staff in their organization are provided with support in interpreting this policy; and
- Reporting any issues with the payment card program and making any suggestions for improvement to CDAO for their consideration.

### **Regional Departmental Accounting Office Comptrollers**

6.11 Regional departmental accounting office (RDAO) comptrollers are responsible for:

- Administering the departmental payment card program within their region in accordance with this policy and supporting procedures;
- Appointing a RCC within their RDAOs and advising CDAO of their appointment;
- Ensuring that all staff involved in the use or support of payment cards fully understand this policy and receive adequate training and support;
- Reviewing and verifying the requests for payment cards from their organization that will have a non-standard profile, and making appropriate recommendations to the Departmental Card Coordinator with regards to the issuance of these payment cards;
- Performing periodic reviews to monitor and ensure compliance of this policy within their region in accordance with CDAO procedures;
- Ensuring that periodic reviews for the continuing need of payment cards are conducted across their region;
- Advising and assisting CDAO with the investigation of potential payment card misuse or any other payment card issues; and
- Reporting any issues with the payment card program and making any suggestions for improvement to their L1 comptroller.

### **Regional Card Coordinators**

6.12 Regional card coordinators are responsible for:

- Supporting the process for authorizing and issuing payment cards to cardholders in accordance with this policy and supporting procedures;
- Ensuring personal knowledge of and compliance with CDAO procedures in support of the payment card program, including monitoring for and reporting potential misuses to their RDAO comptroller;
- Reviewing and verifying for accuracy and completeness each request for a standard profile payment card, or any requests for modifications, and making appropriate recommendations to the Departmental Card Coordinator with regards to the authorization and issuance of those payment cards as appropriate;
- Verifying that all required cardholder training is complete prior to the issuance of a payment card;

- Obtaining a written acknowledgement of responsibilities, obligations and limitations from the cardholder prior to requesting issuance of an assigned payment card and in the case of asset cards ensuring that the signed cardholder acknowledgement is on file with the card custodian;
- Administrating and controlling the receipt of payment cards to be cancelled, including the update of the related cardholder file and DRMIS master data in accordance with supporting procedures;
- Making requests to the Departmental Card Coordinator for the cancellation of payment cards as appropriate;
- Assisting cardholders and RC managers with the resolution of payment card errors and discrepancies that may arise with the invoicing or statements; and
- Requesting assistance from CDAO with issues that cannot be settled at the local level.

### **Responsibility Centre Managers**

6.13 Responsibility Centre (RC) managers are responsible for:

- The responsibilities of RC managers that are described in the TB Directive on Payments, "Appendix B: Standard on Acquisition Card Payments";
- Being knowledgeable and compliant with this policy and applicable procedure requirements;
- Identifying and recommending an assigned payment card cardholder(s) within their unit/organization;
- Identifying and recommending circumstances appropriate for the issuance of an asset card in the name of an organizational asset, and recommending the cardholder(s) who may be responsible for the use of an asset card;
- Appointing a custodian as appropriate or performing the role of a custodian;
- Ensuring that the additional controls and procedures for asset cards are complied with by an authorized cardholder and the custodian;
- Identifying a card agent, as required, to assist with the monthly payment card statement reconciliation, or ensuring the card agent responsibilities are completed by the cardholder;
- Ensuring all cardholders, custodians and/or card agents in their unit/organization have completed the [mandatory payment card training](#), required expenditure initiation and procurement training, and all applicable DRMIS user role training prior to recommending the issuance of a payment card;
- Establishing payment card financial and supplier limits to best support unit operations, and reviewing these limits in accordance with related procedures on a periodic basis or when responsibilities of a position change;
- Ensuring all cardholders in their unit/organization are aware of their obligations and financial limitations in regard to the proper use and control of their payment cards, including ensuring written acknowledgement of their responsibilities is provided to the appropriate RCC;
- Forwarding the completed payment card application form, and all supporting documentation to the appropriate RCC for processing and retention;
- Informing all cardholders in their unit/organization of possible administrative or disciplinary consequences should the payment card issued to them be misused;
- Ensuring all payments made using a payment card are correctly recorded in DRMIS in accordance with the requirements of the applicable expense, inventory or capital asset FAM chapters and supporting procedures;

- Ensuring that expenditure initiation, commitment, and transaction authority procedures are carried out prior to payment card use as per FAM Chapter 1016-2;
- Ensuring that all FAA Section 34 account verification and certification procedures are carried out in accordance with FAM Chapter 1016-3 and this policy, including the certification of standard supplier invoices prior to payment and cardholder DRMIS Activity Reports at least monthly;
- Ensuring processes are in place that prevent a cardholder from performing FAA Section 34 certification on their own DRMIS Activity Reports;
- Ensuring the cancellation and return of an assigned payment card to the appropriate RCC upon a cardholder's departure from the unit/organization; and
- Re-assigning authorization to use an asset card to an alternate cardholder upon a cardholder's departure from the unit/organization.

### **Custodian**

6.14 Custodians are responsible for:

- Controlling the authorized access and use of asset payment cards within their unit/organization, including ensuring that the cardholder has signed and then keeping on file the cardholder written acknowledgement of responsibilities, obligations and limitations;
- Completing the [mandatory training](#) and maintaining the required knowledge for this role;
- Being knowledgeable and compliant with applicable procedure requirements for the access and control of asset payment cards; and
- Ensuring that they are not a cardholder nor performing the responsibilities of a cardholder.

### **Cardholders**

6.15 Cardholders are responsible for:

- The responsibilities of cardholders that are described in the TB Directive on Payments, "Appendix B: Standard on Acquisition Card Payments";
- Adhering to this policy and the supporting procedures for the payment card program;
- Prior to being issued a payment card, completing:
  - Mandatory payment card training and certification in accordance with the related procedures and CDG training requirements;
  - All applicable DRMIS User Role training; and
  - All required expenditure initiation, commitment, and transaction authority training prior to being issued a payment card if financial authority will be delegated through the formal DoA instrument;
- Prior to using a payment card to make a payment, ensuring that they have:
  - Received a valid expenditure initiation authority and contracting authority from a designated individual; or
  - Been formally delegated expenditure initiation and contracting authority to allow them to enter into the related contract; and
  - Provided written acknowledgement of their responsibilities and obligations to the appropriate RCC, or, in the case of an asset card, to the card custodian;

- Ensuring that the cardholder is the only one to use it and safeguarding all payment card information to prevent unauthorized use;
- Only using a payment card to pay for authorized DND purchases;
- Ensuring that a payment card is kept in an approved secure location/container, as required by the Departmental Security Officer;
- Ensuring that payments are not split into two or more parts in order to avoid delegated contracting or transaction limits;
- Immediately advising the credit card provider, RC manager and the appropriate RCC if the payment card is lost, stolen or suspected of being compromised in any manner;
- Informing the appropriate RCC of changes to the cardholder's business address (in the case of an assigned payment card), business telephone number, or financial coding; and
- Returning the payment card to the RC manager upon transfer from the unit, termination of employment or when requested.

### **Card Agents**

- 6.16 Card agents are responsible for:
- Completing the mandatory payment card, and all applicable DRMIS user role training prior to assuming the card agent responsibilities;
  - Performing the monthly payment card statement reconciliation process in preparation for RC manager review and FAA Section 34 certification; and
  - Addressing any discrepancies or errors with the supplier or credit card provider, and informing the RC manager and the cardholder.

## **7. Consequences of Non-Compliance**

- 7.1 Under the TB Policy on Financial Management, the DM is responsible for investigating and acting when significant issues regarding policy compliance arise, and ensuring that appropriate remedial action is taken to address such issues within DND/CAF. The TB Framework for the Management of Compliance provides guidance on the considerations for determining the possible mix of consequences, which include the impact of the non-compliance, whether there has been a history of non-compliance, was there intent and other circumstances.
- 7.2 To support the DM's responsibility under the TB Policy on Financial Management, the ADM(Fin)/CFO or in the case of a member of the CAF, the military chain of command at the ADM(Fin)/CFO's direction, must ensure corrective actions are taken to address instances of non-compliance with this policy. Corrective actions can include a requirement for additional training, changes to procedures or systems, removal or suspension of delegated financial authorities on a temporary or permanent basis, disciplinary action or other measures as appropriate.

## 8. References

### 8.1 Legislation

[Financial Administration Act](#)

### 8.2 Treasury Board and Central Agency FM Policy Instruments

[TB Policy on Financial Management](#)

[TB Directive on Payments](#)

[TB Directive on Delegation of Spending and Financial Authorities](#)

[TB Directive on Public Money and Receivables](#)

[Receiver General Manual Chapter 9 - Government of Canada acquisition card program](#)

[Supply Manual issued by Public Services and Procurement Canada](#)

### 8.3 DND/CAF FM Policies

[DAOD 1016-0, Expenditure Management](#)

[DAOD 7021-1, Conflict of Interest](#)

[A-LM-007-100/AG-001 Supply Administration Manual \(SAM\)](#)

[A-PP-005-000/AG-002 Procurement Administration Manual \(PAM\)](#)

[Defence Subject Classification and Disposition System \(DSCDS\)](#)

[Delegation of Authorities for Financial Administration for the Department of National Defence and the Canadian Armed Forces](#)

[FAM Chapter 1014-4-1, Control of Financial Signing Authorities](#)

[FAM Chapter 1016-2, Expenditure Initiation and Commitment Control – FAA Section 32](#)

[FAM Chapter 1016-3, Account Verification – FAA Section 34](#)

[FAM Chapter 1016-4, Manage Payments – FAA Section 33](#)

[FAM Chapter 1016-7, Departmental Credit Cards](#)

[FAM Chapter 1024-1, Goods and Services Tax / Harmonized Sales Tax](#)

[Policy Memorandum: Use of Government of Canada PST Exemption](#)

[National Defence Security Orders and Directives \(NDSOD\)](#)

[Canadian Forces Temporary Duty Travel Instruction \(CFTDTI\)](#)

### 8.4 DND/CAF FM Guides, Forms and Other Tools

Note:

- Please see [ADM\(Fin\) | Payment cards](#) web site for procedures and tools to which this FM policy relates.

## 9. Enquiries

9.1 Questions on policy interpretation and clarification are to be addressed to the appropriate comptroller.

9.2 If the local comptroller requires assistance, the question will be escalated through the financial chain of command.



- 9.3 If the L1 comptroller needs guidance on the matter(s) raised, the L1 comptroller may contact the business process owner. CDAO is the business process owner for payment cards.
- 9.4 If the business process owner needs guidance on the matter(s) raised, the business process owner may contact DFP.

## Appendix A – Definitions and Acronyms

### Definitions

The following definitions apply to this policy:

**Asset payment card (*Cartes de paiement de biens*)** A type of payment card (also commonly referred to as a credit card) issued under a contract between a credit card provider and the Government of Canada for the payment of goods and services to support the operation of a high-value DND/CAF organizational asset as described in this policy and that is issued in the name of that organizational asset.

**Assigned payment card (*Cartes de paiement assignées*)** A type of payment card (also commonly referred to as a credit card) issued under a contract between a credit card provider and the Government of Canada for the payment of goods and services as described in this policy and that is issued in the name of an eligible individual.

**Cardholder (*détenteur de carte*)** an eligible individual, in accordance with this policy, who is identified by an RC manager to be issued an assigned payment card in their name, or, when an eligible individual is given an asset payment card for the purpose of making payment for goods or services on behalf of an organizational asset that is named on the card.

**Credit card provider (*Émetteur de cartes de crédit*)** The current contracts for credit card providers were put in place by Public Services and Procurement Canada Banking Arrangements Directorate following a competitive bidding process. The credit cards issued by the credit card provider streamline the procurement process by allowing a cardholder to charge purchases made from suppliers and settle for these purchases directly with the credit card issuing company. There is no fee charged for the use of these credit cards, and DND can receive rebates.

**Departmental Card Coordinator (*Coordonnateur ministériel des cartes*)** The Departmental Card Coordinator oversees the authorization and issuance of payment cards as well as their control and monitoring.

**DND/CAF organizational asset (*actif organisationnel*)** A high-value mobile departmental or military asset (excluding motor vehicles), such as a vessel (e.g., ship), aircraft or international deployed operation, that requires frequent large dollar transactions to support its operation.

**Personal purchases [Restriction] (*Achats personnels [Restriction]*)** refers to goods or services that are used personally by the cardholder. To ensure that the payment card is not used to pay for the personal purchases of the cardholder, it is

recommended that the employee's supervisor approves the payment. However, a better solution is to ensure that payment cards are not issued to RC managers with delegated FAA section 34 signing authority. This restriction is generally easy to enforce because the individual performing day-to-day purchasing is likely to be a subordinate of the RC manager with FAA section 34 signing authority.

**Supplier (Fournisseur)** In respect of a supply, means the person (individual, partnership, corporation, trust or other organization of any kind) making the provision of goods or services to DND (i.e. the vendor).

### **Acronyms**

ADM – Assistant Deputy Minister

ADM(Fin)/CFO – Assistant Deputy Minister (Finance)/Chief Financial Officer

CAF – Canadian Armed Forces

CDAO – Corporate Departmental Accounting Office

CDG – Community Development Group

CFO – Chief Financial Officer

DFC – Director Financial Controls

DFP – Director Financial Policy

DGFOS – Director General Financial Operations and Services

DGSFG – Director General Strategic Financial Governance

DM – Deputy Minister of National Defence

DND – Department of National Defence

DoA – Delegation of Authority

DRMIS – Defence Resource Management Information System

FAA – *Financial Administration Act*

FAM – Financial Administration Manual

FM – Financial Management

HST – Harmonized Sales Tax

L1 – Level One

PODD – Payment on Due Date

PST – Provincial Sales Tax

QST – Quebec Sales Tax

RC – Responsibility Centre

RCC - Regional Card Coordinator

RDAO – Regional Departmental Accounting Office

RG – Receiver General

TB – Treasury Board